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DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Malaysia to update its quota system

By James Hookway

Malaysian Prime Minister Najib Razak outlined his plans to modernize the country's economy, including proposals to overhaul one of the world's most entrenched systems of race-based preferences and quotas, which many economists say has held back this Southeast Asian nation's growth potential.

In a speech Tuesday in Kuala Lumpur to launch what government officials call Malaysia's New Economic Model, Mr. Najib said the country's decades-old affirmative action policies will be recalibrated to help disadvantaged members of all ethnic groups and not just the country's majority ethnic Malay population, which makes up about 54% of Malaysia's 28 million people.

Mr. Najib didn't say how far he would go to overhaul the politically sensitive affirmative-action program, and government officials have previously suggested a more detailed outline for the reforms will be laid out in June. But he said it "must be market-friendly, it must be merit-based, it must be transparent, and it must be needs-based."

"In the short term there

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Sign of spring: Japan's cherry-blossom festival

Zuma Press

Visitors take in the sights of Japan's famed cherry blossoms in central Tokyo on Tuesday. The annual spring ritual lures both Japanese and foreign tourists.

Search halt spurs fears over Google

By Aaron Back And Loretta Chao

BEIJING—**Google** Inc. said an unexplained glitch on its part caused China's Internet censorship mechanism to block nearly all China-based searches on its sites, highlighting the precariousness of the U.S. company's position in China after it stopped obeying censorship rules a week ago.

Dozens of users in cities across China reported that starting late Tuesday afternoon, all Web searches—even of terms as mundane as "happy" or "tree"—on Google's Hong Kong site produced an error message saying the page couldn't be opened.

The blockage looked similar to what analysts expect a crackdown by China's Internet censorship regime, unofficially known as the Great Firewall, would look, and fueled initial speculation that the government had blocked the sites in what would represent a sharp escalation of its battle with the U.S. Internet giant.

Google confirmed that its searches had been disrupted, but said the problem appears to have been triggered by a technical glitch that originated within the Silicon Valley Internet company.

As the disruption continued into early Wednesday morning, a Google spokeswoman said that a string of text that formed part of the results pages returned by searches on its site contained a phrase that caused the Great Firewall to block searches that wouldn't normally be blocked.

The string contained the letters "rfa," which has been associated with the phrase Radio Free Asia, a service that has been blocked by Chinese censors for some time, the spokeswoman said. Those letters appeared to be showing up in searches world-wide in the long and constantly changing URL address that are generated by each search.

The company didn't provide an explanation for how the string of text was created, but the spokeswoman said the problem "seems to have been

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3G outlook is positive

Li Ka-shing considers higher dividends for Hutchison Whampoa shareholders if group meets targets. **Page 12**

Strategy shift

BHP Billiton moves toward market-price pacts. **Page 23**

Toyota bolsters quality control in bid to regain consumer trust

By Yoshio Takahashi

TOYOTA CITY, Japan—**Toyota Motor** Corp. on Tuesday unveiled measures to beef up quality control, including opening customer-service training centers by July 2010 in all major regions, as it seeks to regain consumer trust dented by recalls.

The world's biggest car maker by volume, which held its first special-committee meeting for global quality Tuesday, said it would boost the number of technology offices in North America to seven from one to have more engineers checking vehicle problems. It also said it will establish new technology offices in Europe, China and other countries.

The company held a day-long press tour in Toyota City as it intensifies its quality-control campaign following global recalls of 8.5 million vehicles.

The actions are in part intended to deal with criticism that Toyota acted too slowly in response to its recent safety problems.

Analysts said the moves may not be enough. "Toyota's brand image is tarnished, and whether it can return to its prerecall level is questionable," said Tatsuya Mizuno, an analyst at Mizuno Credit Advisory.

"It's clear that they want to increase the authority of local markets in terms of design and technology, but it will be a big cost for them in terms of trying to decentralize their operations."

Under the new structure, safety officials at Toyota headquarters in Japan will decide with counterparts in each region how to address quality issues, while chief quality officers in each market will share information about local customers' complaints.

Previously, headquarters told each region what to do. "We will be able to decide on how to respond in a more optimal and prompt way," said company President Akio Toyoda.

About 50 Toyota officials from North America, Europe, China and other regions at-

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What's News—

* * *

Business & Finance

■ **BHP Billiton said** it has reached agreements with most of its customers to sell its iron ore at market prices. The move by the world's largest miner likely means higher costs and volatile price swings for steelmakers in China and elsewhere. **23**

■ **Nissan will sell** its Leaf electric car for $32,000 including government subsidies when it goes on sale in Japan in December. **23**

■ **Leaders of the U.S.**, Canada, South Korea, Britain and France, looking to give a jolt to efforts to remake the global economic system, urged other leaders of G-20 nations to recommit themselves to the overhaul objectives. **6**

■ **Australian and Chinese** officials traded barbs over the conviction in Shanghai of four Rio Tinto ex-employees, while an Australian business group warned that the trial could hurt the confidence of foreign investors in China. **3**

■ **Shareholders of Japanese beer** maker Sapporo rejected the slate of directors proposed by U.S. fund Steel Partners. **24**

■ **Fubon Financial expects** to launch insurance and fund-management ventures in mainland China by the end of this year. **33**

■ **India's Essar said** it will decide by June whether to move ahead with the purchase of three European oil refineries from Shell. **23**

■ **CIMB plans to expand** further in Southeast Asia, including Vietnam and Cambodia, as the Malaysian lender seeks to become the area's main regional bank. **33**

■ **Hutchison Whampoa's profit** rose 12% last year. The group expects its 3G mobile business to improve this year. **12**

■ **Cosco Pacific said** its 2009 earnings fell 37%, but the Chinese ports investor added that business has improved. **12**

European Pressphoto Agency

A woman expresses frustration Tuesday outside a flooded mine in northern China where there was no communication with the 153 miners trapped inside.

■ **China's Bank** of Communications posted a 5.6% rise in 2009 profit, driven by higher revenue from fee-based business. **33**

■ **MUFG said it reached** a final agreement with Morgan Stanley to combine their Tokyo brokerage operations from May 1. **24**

■ **Greek government bonds** were under pressure as markets questioned the country's borrowing power after Monday's seven-year bond issue saw slim demand. **6**

■ **Geely is setting aside** $900 million to revive Volvo cars, as the Chinese firm tries to turn around the Swedish auto maker. **27**

■ **McDonald's said it plans** to nearly double its presence in China to 2,000 outlets by 2013, as it opened a branch of its Hamburger University in Shanghai. **26**

■ **China will launch** its trial program for margin trading and short selling Wednesday. **28**

■ **National Australia Bank** struck a deal with AXA over its planned takeover of AXA Asia Pacific. **25**

* * *

World-Wide

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■ **Japan told the U.S.** that relocating a controversial U.S. military facility in Okinawa was impossible, setting a stage for more thorny discussions. **5**

■ **A man who organized** a support group for parents of children sickened in a tainted-milk scandal in China pleaded not guilty to charges of inciting social disorder.

■ **A Thai protest leader said** his side has abandoned negotiations with the prime minister and will resume street demonstrations.

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WORLD NEWS

China and Australia trade criticisms

By Rachel Pannett

CANBERRA—Australian and Chinese officials traded barbs over the conviction in Shanghai of four former employees of Anglo-Australian miner **Rio Tinto** PLC, underscoring the frictions created by the case, while an Australian business group warned that the trial could affect confidence among foreign investors in China.

Australian Prime Minister Kevin Rudd, under pressure domestically for failing to persuade China to give Australian officials access to all parts of the trial, said Tuesday that China had "missed an opportunity to demonstrate to the world at large transparency that would be consistent with its emerging global role."

His comments drew a rebuke from Beijing. "The Australian side should respect the outcome of the trial and should stop making irresponsible comments," said Ministry of Foreign Affairs spokesman Qin Gang in answer to a question at a regular news briefing.

Meanwhile, the Australian Chamber of Commerce and Industry said a lack of transparency in the commercial-secrets aspects of the trial of the four employees could diminish companies' confidence in investing in the country. The trade group also cited concerns about the legal process involved with the case.

"Leaving aside the question of individual conduct by this particular executive, these broader issues are important to the Australia-China economic relationship, and the necessary confidence Australian business executives require when doing business abroad," said Nathan Backhouse, ACCI's manager of trade and international affairs.

The comments don't present a marked shift on either side, but the back-and-forth demonstrates frays in Australian-Chinese relations following the case. Each side has argued that the case shouldn't be politicized. Australian officials suggested they had attempted quiet diplomacy to sway China's handling of the case, and they take some credit for how the case was downgraded from initial allegations that the Rio Tinto employees stole national secrets.

Agence France-Presse/Getty Images

Australian Prime Minister Kevin Rudd

On Monday, the Shanghai court handed down a 10-year prison sentence to Stern Hu, an Australian citizen, after finding him guilty of charges that he accepted around $935,000 in bribes from steel makers and stole commercial secrets. Three of Mr. Hu's Rio Tinto Chinese-national colleagues received sentences ranging from seven to 14 years. Mr. Hu and others conceded they had taken bribes.

Since Mr. Hu was arrested in 2009, Canberra has tried to quarantine the case from Australia's broader political and economic relations with China. Mr. Rudd said Tuesday he believes the bilateral relationship "will sustain these sorts of pressures."

Legal experts say Canberra's failure to more forcefully argue its case to have a representative present for the entire trial—as it claims is its right under a 1999 consular agreement—sets a precedent for how China may treat other international agreements. ACCI's Mr. Backhouse called Tuesday for a stricter application of the 1999 agreement in any future proceedings, saying that its limited application in this case is a "worrying development."

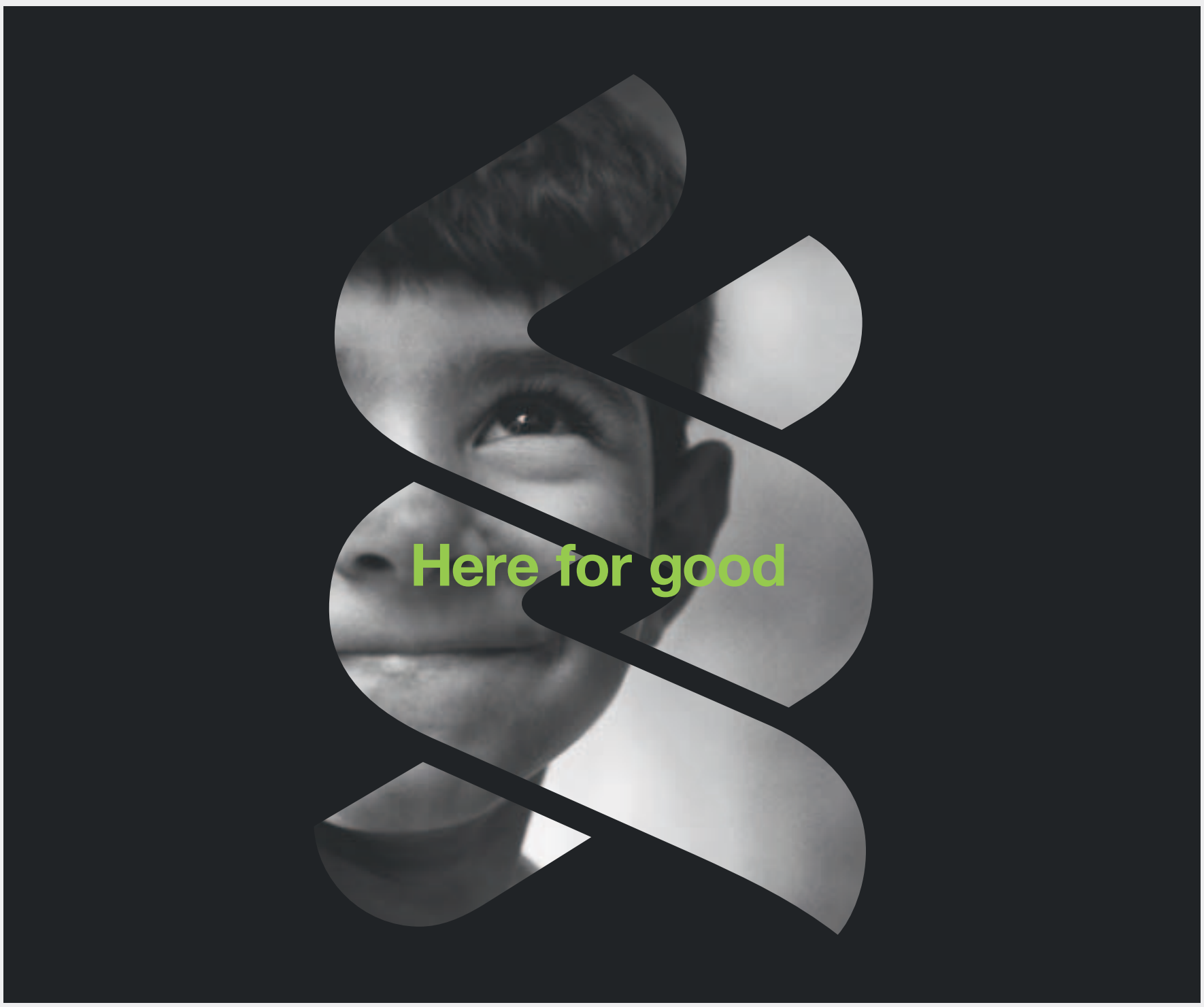
Chinese officials describe the country's criminal-justice system as transparent, impartial and independent, and the government has repeatedly said it honors all of its obligations and agreements. "China's handling of the case is in full compliance with China's laws without any breach of the China-Australia Consular Agreement," said Mr. Qin of the foreign ministry last week.

Local media urged Mr. Rudd to toughen his stance. An editorial in the Australian newspaper—which is owned by News Corp., which also owns Dow Jones & Co., publisher of The Wall Street Journal—said Canberra should continue to "press the case" for more transparent legal and corporate systems in China.

The Sydney Morning Herald said that in overriding the 1999 consular agreement, China in effect argued that it has the "right to negate any foreign treaty commitment by applying a domestic law"—reversing the common understanding of foreign treaties.

A Rio Tinto spokesman in London referred questions to a spokesman in Australia, who couldn't be reached. The company has previously said it was unaware of any misconduct by employees. Rio Tinto is one of the world's largest suppliers of seaborne iron ore, a raw ingredient for making steel.

—Aaron Back in Beijing and Alex Wilson and Lyndal McFarland in Melbourne contributed to this article.



North Korea strains under pressures

Mounting problems of unrest, hunger, poverty and external hostilities threaten the survival of Kim Jong Il's regime

By Evan Ramstad

SEOUL—North Korea's authoritarian regime appears to be weakening and the prospect of its collapse is being discussed anew by longtime observers, though there is still a broad debate about when that could happen.

The 16-year-old government of dictator Kim Jong Il for years defied outsiders' predictions of collapse, surviving even amid debilitating poverty, hunger and external hostility. It has kept North Korea's 24 million citizens isolated and docile by instilling in them fear of extreme punishment, and by controlling information, travel and trade.

But new pressures are bringing fresh doubts about the regime's ability to keep going. Those include signs that Mr. Kim is in poor health, and indications that the population is increasingly hungry and restive following the government's failure to deliver basic necessities after it tried to shut down market activities four months ago. Even the information blockade is crumbling. A nascent cellphone industry is making it possible for more North Koreans to talk—and to report on difficulties and unrest—to outsiders, and more DVDs of TV shows and CDs of music from free and prosperous South Korea are smuggled into the country.

The rising prospect of collapse is chiefly expressed by a range of professors, military experts and think-tank analysts who scrutinize Pyongyang's power elite. Those observers have pointed to weaknesses in the regime in the past, particularly after the death of Mr. Kim's father, Kim Il Sung, in 1994, but they seemed to have settled into a belief in the regime's stability. This month, however, the chatter began to change.

"It's like a taboo that's been broken," said Daniel Pinkston, an analyst at the Seoul office of International Crisis Group, a Brussels-based group that reports on conflict areas.

These voices were joined last week by that of Gen. Walter Sharp, commander of the combined U.S., South Korea and United Nations forces that defend South Korea, who told a congressional panel in Washington of the military's concerns about instability in North Korea.

"The possibility of a sudden leadership change in the North could be destabilizing and unpredictable," Gen. Sharp told the panel in public testimony, pointing to what he called "the country's disastrous centralized economy, dilapidated industrial sector, insufficient agricultural base, malnourished military and populace and developing nuclear programs."

Kim Young-soo, professor of North Korea politics at Sogang University in Seoul, garnered headlines in South Korea this month by calling on the South's government to prepare for sudden change in the North.

"North Korea is on the verge of collapse," Mr. Kim said in an interview. "It is a crisis not only because of Kim's illness, the food shortage and failed currency reform, but also because of a failed government."

Also this month, Mr. Pinkston wrote a report that concluded such pressures weighing on the Kim regime are now so many that "a sudden split in the leadership, although unlikely, is not out of the question."

Already, a divide exists between political and military leaders in North Korea, drawing the lines of a power struggle that can only escalate upon Mr. Kim's death. If the family is to keep power, his brother-in-law, Jang Seong Taek, would likely be next in line until the expected heir—the leader's 27-year-old son, Kim Jong Eun—is ready to take over. The current leader took power after the death of his father.

North Korea has responded to the observations. On Friday, Pyongyang lashed out when a South Korean newspaper reported that military experts from China, South Korea and the U.S. would meet next month to discuss contingencies in the event of the regime's collapse.

No such meeting has been confirmed. Even so, the North's military cited the report in a statement that said, "Those who try to bring down the system ... will fall victim to the unprecedented nuclear strikes of the invincible army."

The North's regime weakened visibly to outsiders after Mr. Kim suffered an apparent stroke in August 2008. Mr. Kim appears even weaker in recent photos. South Korean and Japanese news outlets have analyzed the photos for signs of kidney disease, and reported he receives regular dialysis treatments.

There are no known rivals to Mr. Kim. Much of the growing pressure on the regime comes from its failed attempt to clamp down on market activities that created private wealth in the country. The regime in early December imposed new restrictions on private markets, issued new currency and wiped out private savings by limiting the amount of old currency that could be exchanged for new.

Yet the government didn't prepare to provide food and other necessities that were supplied in private markets, creating food shortages at the coldest time of the year. People rebelled as the shortages grew, forcing the regime to lift the market restrictions. A senior finance official reportedly was executed as a result, though some outside observers question the reports.

"Through the currency reform, the regime wanted to recover some control over its people, but it only showed it has lost control and is not capable," says Mr. Kim, the South Korean professor.

Some pressure also comes from sanctions imposed by the U.N. Security Council after North Korea tested a nuclear weapon in May 2009 in defiance of U.N. restrictions. The sanctions require U.N. member nations to stop North Korean arms shipments, resulting in several high-profile seizures that have weakened its ability to sell weapons.

In his report, Mr. Pinkston said North Korea's illegal trade of narcotics and counterfeit-branded cigarettes also is suffering from new competition from China. As a result, North Korea is scrambling for money and, in recent weeks, has resorted to small-bore tactics, such as raising rents and pushing new fees on foreign diplomats in Pyongyang.

"There is some minimal amount of resources that are needed to keep the political coalition together," Mr. Pinkston says. "What is that amount? I don't know precisely, but there are greater and greater constraints on it."

—Jaeyeon Woo contributed to this article.

Growing Anxious

A list of developments in North Korea that are causing longtime observers to raise warnings about its stability:

- Weakening health of dictator Kim Jong Il
- Rise of famine-like conditions
- Unrest after government attempt to replace market mechanisms
- Rampant inflation after government economic measures fail
- Increased effort by government to halt flow of defectors and information
- Pressure on foreign diplomats to pay higher rents, new fees
- Reported assassination of top-ranked finance official
- Speculation Kim Jong Il may take son to China to secure familial succession

Sources: WSJ reporting; European Pressphoto Agency (photo)

Kim Jong Il presides over a mass rally held to celebrate the completion of a vinalon textile factory, in Hamhung City.

Military divers fail to enter sunken Korean vessel

By Evan Ramstad

SEOUL—South Korean military divers on Tuesday surveyed most of a patrol boat that sank last week near the maritime border with North Korea in the Yellow Sea, but they were unable to enter a section where some of the 46 missing sailors are thought to be.

One veteran diver died after losing consciousness when he returned to the surface, officials said, becoming the first confirmed casualty of the incident.

The diver was identified as Warrant Officer Han Joo-ho, 53 years old, who had been in the South Korean Navy's underwater demolition team since 1976. He died in a decompression chamber on a U.S. ship that was assisting the search effort.

Late Friday, an explosion shook the patrol ship Cheonan about a mile off Baengnyeong Island, South Korea's westernmost territory, causing the ship to break in two and sink.

Rescuers saved 58 sailors during the hours after the explosion. Most of the missing sailors were in the stern section, where the blast happened.

President Lee Myung-bak flew to the island Tuesday morning and met military officials and relatives of the missing crew. A spokesman said Mr. Lee made the visit because of the "gravity of the case and his sorrow for the missing sailors."

Mr. Lee is the first South Korean president to visit the island, which is 10 miles from the North Korean coast. South Korea has claimed the island since the United Nations established the inter-Korean maritime border in 1953, shortly after a ceasefire ended hostilities in the Korean War.

North Korea has disputed the maritime border and its navy has traded fire with South Korea's in the region three times during the past 11 years, most recently in November.

South Korean officials say that it is possible that North Korea was involved in the sinking of the Cheonan, but that it may take weeks to determine why the vessel went down.

A group of U.S. four naval vessels, including a rescue and salvage ship, arrived Monday to help with the search and recovery.

On Tuesday, however, no U.S. sailors took part in the underwater work, a U.S. Navy spokesman said.

—Jaeyeon Woo contributed to this article

Reuters

President Lee Myung-bak, right, inspected rescue operations Tuesday.

WORLD NEWS: ASIA

Japan insists on new U.S.-base plan

By Yuka Hayashi

TOKYO—Japan told the U.S. that relocating a controversial U.S. military facility in Okinawa was impossible, setting a stage for more thorny discussions that could further erode the popularity of the six-month-old government of Prime Minister Yukio Hatoyama.

In a meeting with U.S. Secretary of State Hillary Clinton late Monday, Japanese Foreign Minister Katsuya Okada asked Washington to consider alternative proposals for relocating the Futenma air station, a Marine Corps facility located in a crowded urban area on the southern Japanese island.

Mr. Hatoyama's center-left government took power in September with a promise to Okinawan voters to scrap a 2006 bilateral accord between the U.S. and Japan that calls for closing Futenma and moving its facilities to a new location in a rural section of northern Okinawa.

But the prime minister, suffering sharp declines in popular support, has been criticized in Japan for his handling of the issue, for failing to announce a workable alternative and missing his own deadline for settling the controversy. U.S. officials have repeatedly said the existing plan is the only option, in a challenge to Mr. Hatoyama.

"I said [to Mrs. Clinton] we fully recognized the U.S. position that the existing plan was the best," Mr. Okada told reporters after meeting her on the sidelines of a Group of Eight foreign ministers' meeting near Ottawa. "But given the current situation, I explained to her, there are too many difficulties surrounding that plan."

P. J. Crowley, a State Department spokesman, said the U.S. hasn't changed its position, but that it was willing to listen to Japan's current thinking. "We are listening attentively to what Japan is telling us, and we'll continue the conversations in the weeks ahead," Mr. Crowley said at a news conference Monday.

Okinawan lawmakers and residents have been stepping up their opposition to the construction of new facilities, saying the island already shoulders a hefty burden of hosting numerous U.S. military facilities. Some 40,000 U.S. troops are stationed on the island.

Critics of Mr. Hatoyama say he is hurting Japan's important bilateral ties with Washington by trying to overturn the existing agreement.

Japan's media have suggested the possibility of what they call a May Crisis for the Hatoyama government—that a failure to settle the Okinawa base issue by May, a deadline Mr. Hatoyama set after missing his first deadline in December—could pressure Mr. Hatoyama to step down. Hurt by funding scandals involving himself and party stalwart Ichiro Ozawa, the support rating for the government has fallen to 36%, about half what it was in September, according to a poll by the Nikkei business daily Monday.

Mr. Okada assured Mrs. Clinton that Tokyo intends to settle the issue by the end of May. Mr. Hatoyama has said the government would unveil its alternative proposal by the end of March, before kicking off formal negotiations with local residents and the U.S. But he suggested Tuesday an announcement may be delayed.

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Reuters

G-20 leaders at the Pittsburgh,summit,last September. Leaders of the U.S., Canada, South Korea, Britain and France urged others to recommit to the group's goals.

Economic reform is pressed

U.S., U.K., South Korea and others ask G-20 leaders to deliver on ambitious agenda

By Bob Davis

WASHINGTON—Leaders of the U.S., Canada, South Korea, Britain and France, looking to spur efforts to remake the international economic system, urged other leaders of the Group of 20 nations to "recommit themselves and deliver on the [G-20's] ambitious reform objectives and agenda."

By making the letter public, the five leaders sought to set the agenda for a June meeting in Canada of the G-20, the organization of industrialized and developing nations, and to achieve concrete results by the end of the year. "It's acting on the agreements that matters," they wrote.

The G-20 has become the leading forum for international economic issues, but has an unwieldy leadership structure, which includes the countries that hosted last year's summits, the U.S. and U.K.; this year's summit, Canada and South Korea; and France, which will host next year's summit. That is why all five leaders signed the letter. In addition, despite China and India's growing weight in the global economy, they rarely play a leadership role in G-20 sessions.

The letter also comes about three weeks before a meeting of the International Monetary Fund in Washington where many G-20 issues will be hashed out.

A number of senior economic officials say they worry that the momentum for economic cooperation is fading as the global crisis ebbs. World Bank President Robert Zoellick said in an interview that differences in how quickly China and India are growing compared with the U.S. and Europe also complicate international negotiations. "It's no longer what do you do for financial markets or what's in a fiscal stimulus," he said. "You have different dimensions of the problem depending on the areas."

The letter reaffirmed what G-20 nations had agreed to in the past, including a "rebalancing" of economic growth—meaning current-account-deficit countries such as the U.S. would increase savings and reduce imports while current-account-surplus countries such as China would do the opposite. It also laid out a strong financial regulatory agenda, including tougher capital and liquidity standards for banks, requirements that over-the-counter derivatives be traded on exchanges, and the establishment of cross-border mechanisms for shuttering large, troubled financial institutions.

The G-20's goal is to head off another financial crisis and, if one should occur, to avoid another round of massive taxpayer-funded bailouts. "While confidence in the financial system has improved, more work is required to restore the soundness of some global banks' balance sheets," the letter said.

The IMF is putting together a proposal on a bank tax that nations could adopt to pay in advance for "resolution authorities," which would shut down ailing banks whose failure could threaten the global economy. A number of G-20 nations are waiting for the IMF recommendation before deciding whether to endorse a tax. The U.S., U.K., France and Germany favor some form of bank tax, while Canada and Australia oppose the idea, say officials from the U.S. and Europe. China and India haven't taken a position.

But the letter didn't address how the countries would reach agreement on capital and liquidity requirements, and the divide over the issue between the U.S. and Europe.

An Obama administration official said many European banks are "way behind" the U.S. in terms of taking the losses that U.S. firms have already absorbed. Administration officials want consensus on global capital and leverage rules so that each country has similar standards and there isn't a "balkanized" system, as Treasury Secretary Timothy Geithner has warned.

Previous attempts to find a global consensus on capital levels were directed through the Basel Committee on banking supervision, and took years to complete. The G-20 leaders are looking to put pressure on the Basel group and another international financial institution, the Financial Stability Board, which are looking at these issues, to reach a deal by the end of the year.

On Wednesday, the FSB, whose membership largely mirrors the G-20, said banks and bank regulators must do more to bring pay practices in line with internationally agreed standards. The FSB was reviewing how well G-20 nations have implemented compensation standards they had previously agreed to. "Full implementation is far from complete," the FSB found, though pay structures have changed.

—Paul Hannon, Damian Paletta and Deborah Solomon contributed to this article.

Bodies of 21 babies found by China river

Associated Press

BEIJING—The bodies of 21 babies, some with hospital ID tags around their ankles, washed ashore on a river in eastern China, and two mortuary workers were detained for allegedly dumping them.

News footage Tuesday showed the babies—at least one of whom was stuffed in a yellow plastic bag marked "medical waste"—strewn along a dirt riverbank near a highway overpass. A few wore diapers. All were caked in mud.

Some of the babies appeared several months old, while the state-run Xinhua News Agency said the bodies included fetuses.

Residents and firefighters recovered the bodies Monday after they were found under a bridge spanning the Guangfu River on the outskirts of Jining in Shandong province.

Interviews with residents who made the discovery were broadcast on the Web site of the Shandong Broadcasting Co. One said he thought a body was a toy, but then he spotted several others. Another expressed concern because the river is a source of drinking water for villagers living nearby.

Hospital identification tags on eight of the babies helped investigators trace them back to the Affiliated Hospital of Jining Medical University, Xinhua reported.

Hospital mortuary workers Zhu Zhenyu and Wang Zhijun were fired and taken away by police, Xinhua said, citing Jining government spokesman Gong Zhenhua. The babies' families had paid the pair to dispose of the bodies, but they instead dumped them at the river.

It wasn't clear whether the mortuary workers dumped the bodies directly in the river or if they made an attempt to bury them.

Three top hospital officials were fired or suspended and the government ordered the Jining Municipal Health Bureau to make a public apology, Xinhua said.

Reports said the babies ranged in age from newborns to several months old. One of the bluish-green identification tags visible in a news video says, "Boy; mother's name is Man Hongmei; born in April 2009."

The reports didn't detail the number of girls or boys. Xinhua said the bodies were later cremated.

Greece hit as demand for bonds turns weak

By Emese Bartha And Nick Skrekas

ATHENS—Greek government bonds were under pressure as markets questioned the country's borrowing power after Monday's €5 billion ($6.71 billion), seven-year bond issue drew slim demand.

And in a surprise move Tuesday, Greece's public-debt agency reopened a 20-year bond that matures in 2022. It sought up to €1 billion in new sales; it sold €390 million.

Market watchers said Greece's standing on capital markets weakened after the bonds failed to attract the same interest as previous issues and after Athens needed to pay a high price to fill its order books. "It was negative that the order book was, by far, not as high as at the previous deals and also the number of investors was also sharply down," David Schnautz, strategist at Commerzbank AG in Frankfurt, said of Monday's debt issue.

That offering attracted €6.25 billion in orders—less than sales earlier in the year. The banks working on the deal said in a joint news release Tuesday that 43% of the bonds were sold to domestic investors.

Greece is under the gun to sell bonds in coming weeks. More than €20 billion of debt comes due in April and May, and market participants say Greece will probably need to borrow an additional €10 billion during the coming two months to cover refinancing and budgetary needs.

Athens is wrestling with a budget deficit and mounting debts that have investors worried that it might not be able to meet its obligations. European Union countries agreed last week that they would step in with aid to Greece if needed but that Greece would also have to take a humbling loan from the International Monetary Fund.

Greek officials, including the prime minister, have said for weeks that the high yields Greece must pay to attract investors aren't sustainable—and that the country has little hope of getting its interest costs and debt pile under control if they remain elevated.

The yield spread between 10-year Greek bonds and equivalent German government bonds, or bunds, shot up to 3.35 percentage points before the announcement of the auction Tuesday from 3.16 percentage points at Monday's close. That brought the yield Greece must pay on 10-year debt to 6.485%—more than twice Germany's 3.13% interest payment. Following the auction the yield spread was at around 3.30 percentage points.

The additional volume on the market may have added to pressure on Greek bond prices.

But Jan von Gerich, senior analyst at Nordea in Helsinki, said Tuesday's auction was a "smart move," since the October 2022-dated bond is trading at a "notably" lower yield than the 10-year benchmark, at 5.960% versus 6.46% for the June 2020-dated bond.

— Mark Brown, Katie Martin and Clare Connaghan in London contributed to this article.

WORLD NEWS: U.S.

Housing-market rebound still fragile

Prices were mostly flat in January from a year earlier; consumer confidence rebounds but wariness on jobs remains

By Nathan Becker And Kathleen Madigan

U.S. home prices were mostly flat from a year earlier in January, according to the S&P Case-Shiller home-price indexes.

Separately, U.S. consumer confidence rebounded in March from a steep drop in February. But with consumers still worried about jobs, the index remains below its readings of December and January, according to a new report.

S&P's David Blitzer called the home-price report "mixed," noting, "The rebound in housing prices seen last fall is fading."

Prices in 10 major metropolitan areas were flat in January from a year earlier, while the index for 20 major metropolitan areas dropped 0.7%. The readings last grew on a year-to-year basis in January 2007.

Compared with December, adjusted for seasonal factors, the 10-city index rose 0.4% on month in January, while the 20-city composite climbed 0.3%. Unadjusted, the 10-area index fell 0.2% and the 20-area index declined 0.4%.

Agence France-Presse/Getty Images

A home under construction in Bristow, Va., in December.

The recovery in the U.S. housing market has been fragile. Last week, the National Association of Realtors said sales of existing homes fell a better-than-expected 0.6% in February from a month earlier, as a glut of homes for sale and a wave of foreclosures and fire sales are holding down prices.

Some stabilization has been seen as home prices and mortgage rates remain low and a host of consumers have taken advantage of an $8,000 first-time home-buyer tax credit.

The Conference Board, a private research group, said its index of consumer confidence increased to 52.5 this month, from a revised 46.4 in February. The February figure was earlier reported as 46.0.

March's reading was better than the 51.0 expected by economists surveyed by Dow Jones Newswires, but the index is below the 53.6 in December and 56.5 in January. This suggests consumers are wary about the strength of the recovery and about the labor market in particular.

The present situation index, a gauge of consumers' assessment of current economic conditions, rose to 26.0 in March from a revised 21.7 in February, originally reported as 19.4.

Consumer expectations for economic activity over the next six months increased to 70.2 from a revised 62.9, first put at 63.8.

"Despite this month's increase, consumers continue to express concern about current business and labor market conditions," said Lynn Franco, director of the Conference Board Consumer Research Center. "And, their outlook for the next six months is still rather pessimistic."

Sentiment about the labor market is holding back confidence, despite expectations among economists that the U.S. economy added 200,000 jobs in March. The employment data will be reported Friday.

The percentage of respondents who think jobs are "hard to get" fell to 45.8% this month from 47.3% in February. Those who think jobs are "plentiful" rose to 4.4% from 4.0%. Expectations about the labor market showed little improvement. The percentage of consumers expecting more jobs in the months ahead rose to 14.6% in March, from 13.2%.

WORLD NEWS

Drug war closes in on Mexico elite

Deaths at prestigious school lead wealthy to criticize military tactics; victims 'were the hope for our future'

By Nicholas Casey

MEXICO CITY—When shooting broke out between army soldiers and drug traffickers at Mexico's most prestigious university on March 19, two people were left dead and an entire campus was in shock. The bodies, authorities said, belonged to two hit men.

Then came another shock: Javier Arredondo and Jorge Antonio Mercado weren't assassins, but two graduate students caught in the crossfire at the Monterrey Institute of Technology and Higher Education. The Attorney General's office said the original account was wrong, and blamed the army for the misinformation. The army hasn't commented on the account.

The killings have brought the country's bloody drug war close to home for Mexico's middle and upper class, which have remained at a distance from the daily turf battles between rival cartels. Now the elites are joining poorer Mexicans in questioning the use of lethal military force to fight drug cartels in their cities, and whether the army could be killing more innocent victims than it claims.

The deaths have ignited a storm in Mexico. Monterrey Tech's rector said the army had attempted a cover-up to avoid the embarrassment of having killed innocent civilians. Students began protests while newspapers fired off angry editorials calling the event a "student massacre."

Reuters

A military vehicle takes position outside a motel in Santa Catarina, Monterrey, on Sunday after a gunfight that killed five people.

The shootings were the second high-profile incident from Mexico's drugs war in as many weeks. Earlier this month, three people related to the U.S. consulate in Ciudad Juárez were gunned down. Officials said on Monday they had arrested a suspect in the killings of consulate employee Lesley Enriquez and her husband, Arthur Redelfs, both Americans.

A similar scenario to the Monterrey Tech shootings occurred in February in Ciudad Juárez after 15 teenaged students were slaughtered by hit men at a party. President Felipe Calderón at first described the incident as a "settling of accounts" between gangs, suggesting the teens were members of a drug cartel. He was later forced to backtrack when it became apparent the teens were targeted by mistake.

In the case of the Monterrey Tech shootings, authorities changed their original stance that the two were criminals only when the mother of one of the victims identified the body and the university's Rector Rafael Rangel Sostmann called the press to set the record straight.

"Who can Mexicans trust? How many deaths of innocents are necessary to change the direction of our authorities and make them more effective?" asked Claudia Flores, a childhood friend of Mr. Arredondo.

The military has rejected claims of wrongdoing in the Monterrey deaths, which are under investigation by the government. Last week, Gen. Guillermo Moreno Serrano, the army's regional commander, told the Reforma daily: "We aren't assassins." On Monday, a military spokeswoman declined further comment pending the government's inquiry on the incident.

Monterrey, a wealthy industrial city near the U.S. border, is the home of much of the country's English-speaking business elite. Monterrey Tech—Mexico's Harvard or MIT—is the training ground of this country's ruling class, many of whom graduate into jobs at the nation's biggest companies, many of which are also based in Monterrey.

Carlos Gabuardi, an international corporate lawyer who teaches in the university's law department and has a son attending the school, wrote in his blog that the deaths were "absurd and unjustified" and described Monterrey as his "beloved city made sick by the violence" of the drug war. "I hope this can become a turning point for how things happen in Mexico," he said in an interview.

Authorities say they're still trying to reconstruct the series of events on March 19. Shortly after midnight, military men were chasing suspected drug traffickers who fled to the grounds of the university, where a firefight erupted, authorities have said. Around that time, Messrs. Arredondo and Mercado were exiting a campus building after work, likely heading back to their residences.

It is unclear whose weapons killed the men. According to the university, Mr. Mercado's injuries appeared to have been caused by a grenade. Grenades aren't typically used by the military in confrontations but are often used by drug cartels.

Mr. Arredondo appears to have died of bullet wounds.

Since President Calderón took office in late 2006, more than 18,000 people have been killed in drug-related violence. The government says some 90% of victims are cartel members killed by rival drug gangs, and that the rest of the victims are mostly police and army officials. It says very few innocent civilians have been killed.

Many of these killings have occurred in poor and lawless corners of Mexico, where witnesses have less leverage to speak out, say human-rights advocates.

"The usual practice is to call everybody who ends up getting killed in shootouts with security forces 'gang members.' Most of them are. Some of them are not," says José Miguel Vivanco, who directs investigations in Latin America for advocacy group Human Rights Watch.

Mr. Vivanco points to the Monterrey Tech incident as further evidence of the lack of accountability in Mexico's army.Victims of military abuse have few avenues to ensure their cases are fairly heard, because human rights complaints are handled by military tribunals with little incentive to convict, says José Miguel Vivanco, who directs investigations in Latin America for advocacy group Human Rights Watch.

After a request by Mr. Vivanco's office, the military provided only one successful conviction in a human-rights case in these tribunals.

Military officials didn't respond to a written request on this case, or other convictions.

"The war is conducted with virtual carte blanche," said Mr. Vivanco. "We're talking about an army that's not accountable for its actions."

The two families in Monterrey remain in grief, seeking answers for what occurred.

Mr. Arredondo's cousin says he talked to his deceased cousin a week and a half before the incident. Mr. Arredondo was going to graduate in May, with a doctorate at age 24, recalls his cousin, Juan Carlos Arredondo, who is acting a spokesman for the family.

"With all this killing in the drug war, it was these kinds of people we needed most—they were the hope for our future."

ONGLORY HOLDINGS LIMITED
(IBC No. 501562)
Incorporated in the British Virgin Islands
(the "Issuer")

NOTICE OF MEETING OF HOLDERS OF USD11,294,335 CLASS B GUARANTEED FLOATING RATE REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2003/2013 ISSUED BY ONGLORY HOLDINGS LIMITED ("RCSLS-B")

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF RCSLS-B. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER.

NOTICE IS HEREBY GIVEN on 31 March 2010 that a Meeting of the holders of RCSLS-B ("**RCSLS-B Holders**") convened by the Issuer will be held at the offices of Linklaters, 10th floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 22 April 2010 at 11 a.m. for the purpose of considering and if thought fit, passing with or without modifications, the resolution set out below, which will be proposed as a Special Resolution pursuant to the provisions of the Trust Deed B dated 30 June 2003 (the "**Trust Deed B**") between the Issuer, MBf Holdings Berhad as guarantor (the "**Guarantor**" and "**MBf-H**") and JPMorgan Chase Bank, Hong Kong Branch as trustee (since replaced by The Bank of New York Mellon, Hong Kong Branch) (the "**Trustee**"). Terms and expressions defined in the Trust Deed B shall bear the same meanings when used in this Notice.

BACKGROUND

We refer to the letter addressed to the RCSLS-B Holders dated 9 March 2010 (the "**9 March 2010 Notice**") from the Issuer which was delivered by facsimile and by post to the RCSLS-B Holders setting out certain background information to, and the steps proposed to be undertaken by, MBf-H (subject to the requisite approvals being obtained from all relevant authorities and relevant parties, and subject to the confirmation by the High Court of Malaya on the capital reduction exercise under Section 64 of the Malaysian Companies Act 1965) to effect a capital reduction and repayment exercise by canceling the entire issued and paid-up ordinary share capital of MBf-H other than the ordinary shares of RM1.00 each in MBf-H held by the major shareholders of MBf-H, namely Impact Action Sdn Bhd, Market Share Investments Limited, Nadin Holdings Sdn Bhd and Tor Private Limited (collectively the "**Major Shareholders**"), as at the close of business on a date to be determined by the Board of Directors of MBf-H and announced later and make a payment as more specifically set out in the 9 March 2010 Notice to holders of the cancelled shares (the "**Proposed SCR**"). Upon completion of the Proposed SCR, MBf-H will be withdrawn from the Official List of Bursa Malaysia Securities Berhad, and the ordinary shares of RM1.00 each in MBf-H will be delisted from the Main Market of Bursa Malaysia Securities Berhad.

Pursuant to Clause 14.1.1 of the Trust Deed B, each of the Issuer and the Guarantor have covenanted, for so long as any of the RCSLS-B remain outstanding, that it will not, without the consent of the Trustee (acting on the direction of the RCSLS-B Holders), reduce its equity share capital or any uncalled liability in respect thereof, share premium account or capital redemption reserve fund except for the purposes of capitalization of reserves and allotment of fully paid shares in MBf-H as a bonus distribution to Shareholders. Such exception is not applicable to the Proposed SCR and accordingly the consent of the Trustee (acting on the directions of the RCSLS-B Holders) is required to the Proposed SCR.

In accordance with Clause 17.2.7 of the Fourth Schedule to the Trust Deed B, the resolution to direct the Trustee in relation to the giving of consent pursuant to Clause 14.1.1 of the Trust Deed B is required to be passed as a Special Resolution. To be passed, a Special Resolution requires a majority in favour consisting of at least three-quarters (75%) in number representing not less than seventy five percent (75%) in value of RCSLS-B then outstanding. At least two (2) persons present, being RCSLS-B Holders or being proxies (in accordance with Clause 15 of the Fourth Schedule of the Trust Deed B) for RCSLS-B Holders holding in aggregate not less than seventy-five per cent (75%) of the principal amount of the RCSLS-B for the time being will form a quorum for the transaction of business at a meeting where a Special Resolution is proposed.

Clause 17.3 of the Fourth Schedule to the Trust Deed B provides that, for the purposes of determining whether the RCSLS-B Holders of outstanding RCSLS-B of the requisite principal amount at any time have given any consent provided for under Clause 17.1 or otherwise under the Trust Deed B, any RCSLS-B held by any Affiliate of the Issuer or the Guarantor shall be deemed not to be outstanding. "**Affiliate**" is defined to mean any party (A) which directly or indirectly controls, or is controlled by, or is under common control with, the Issuer or the Guarantor, or (B) which beneficially owns or holds 5% or more of any class of the voting shares of the Issuer or the Guarantor or (C) which beneficially owns or holds 5% or more of the voting shares (or in the case of a party which is not corporate, 5% or more of the equity interest) of which is beneficially owned or held by the Issuer or the Guarantor or a Subsidiary of the Guarantor. In other words, holdings of RCSLS-B by Affiliates must be disregarded for determining the principal amount of the RCSLS-B outstanding.

As mentioned in the 9 March 2010 Notice, the Major Shareholders, together with the directors of MBf-H, held as at the date of the 9 March 2010 Notice 81.6% of the shares of the Company, leaving a public spread of 18.4%. Under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a company faces suspension or delisting if its public spread falls below 25% and it fails to rectify the situation.

PROPOSED DELISTING

As mentioned above, if the Proposed SCR proceeds, upon completion of the same, MBf-H will be withdrawn from the Official List of Bursa Malaysia Securities Berhad, and the ordinary shares of MBf-H will be delisted from the Main Market of Bursa Malaysia Securities Berhad ("**Delisting**").

In the event that Delisting takes place, the RCSLS-B Holders will then be holding RCSLS-B which are convertible into shares of a non-listed entity, which shares are not tradeable on the Main Market of Bursa Malaysia Securities Berhad.

In the event that the RCSLS-B are not redeemed earlier, the RCSLS-B will be mandatorily exchanged into shares of MBf-H on 30th June 2013, being the Maturity Date of the RCSLS-B.

Should the Proposed SCR proceed, RCSLS-B Holders may wish to participate in such Proposed SCR. If this is the case, such RCSLS-B Holders should consider converting their RCSLS-B into MBf-H shares in accordance with the Conditions of the RCSLS-B and the Exchange Option Deed. Please note that the process to effect the exchange RCSLS-B into fully paid shares of MBf-H will take 10 Business Days from the date of receipt by the Exchange Agent of the duly completed Exchange Notice, and such exchange will need to be completed in sufficient time to meet any deadlines for participation in the Proposed SCR.

Pursuant to Clause 9.2.2 of the Trust Deed B, MBf-H has covenanted to use its best endeavours to maintain a listing of the MBf-H Shares on the Kuala Lumpur Stock Exchange or any alternative stock exchange as MBf-H may from time to time determine with the consent of the Trustee upon direction of the RCSLS-B Holders. The Issuer and MBf-H are both of the view that MBf-H has used and is continuing to use its best endeavours to maintain the listing of the MBf-H Shares, as evidenced by its obtaining the extension from the Bursa Malaysia Securities Berhad in February 2010 for the listing of MBf-H Shares. However, in light of the Delisting which will occur should the Proposed SCR proceed, and for the avoidance of doubt, the proposed Special Resolution includes a direction to the Trustee to waive any Event of Default which may occur as a result of the Proposed SCR and Delisting.

AMENDMENTS TO DOCUMENTS

The proposed Special Resolution includes an authorization from the RCSLS-B Holders to the Trustee, directing the Trustee to consent to such amendments to the Issue Documents as may be required to give effect to and as a consequence of the Proposed SCR and Delisting (the "**Amendments**"). The proposed amendments to the Issue Documents are set out below.

(A) Clause A(viii) of Schedule 3 of the Exchange Option Deed (which sets out the definition of "**Current Market Price**") shall be amended by deleting all of the words appearing after the words "*mutatis mutandis*," on the fourth line and replacing the same with the following words:

"as at a particular date, the fair market value as determined in good faith by an independent investment bank of international repute, selected by MBf-H and approved by the Trustee.

For the avoidance of doubt, the minimum Exchange Price for each MBf-H Share shall be no less than the par value of such MBfH share. In the event that the adjusted Exchange Price shall fall below the par value in accordance with sub-clause (A)(iii), (iv), (v) and (vi), then the Exchange Price used to calculate the number of MBf-H Shares to be issued shall be the par value of each MBf-H Share."

(B) Clause 9.2.2 of the Trust Deed B shall be deleted in its entirety.

(C) Clause 3.2.2 of the Exchange Option Deed shall be deleted in its entirety.

(D) Any and all consequential amendments to the Issue Documents that may be required and which are of a formal, minor or technical nature and are not materially prejudicial to the interests of the RCSLS-B Holders in relation to the Proposed SCR and Delisting, and to enter into any documents required to give effect to the same

Unless specifically amended as proposed under the Special Resolution, all other terms and conditions of the Trust Deed B and the other Issue Documents, and in particular, the covenant of MBf-H to keep available, free from pre-emptive rights, out of its authorised but unissued MBf-H shares such number of shares as would be required to be issued on exchange of all the RCSLS-B from time to time, will remain and subsist in full force and effect.

EFFECT ON EXCHANGE PRICE

In the event Proposed SCR proceeds and the Amendments are approved and made, any outstanding RCSLS-B will still be exchangeable into MBf-H Shares but the Exchange Price for the RCSLS-B shall be adjusted by a fraction consisting of the difference between the Current Market Price ("**C**") (as of the Business Day immediately preceding the offer or announcement of the distribution) and the fair market value (on the date of the offer or announcement of the distribution) of the portion of the capital distribution attributable to one MBf-H Share ("**D**"), which is determined by an independent investment bank of international repute selected by the Company and approved by the Trustee, relative to D.

This is set out under Clause A(iii) of Schedule 3 of the Exchange Option Deed. The Exchange Price will be adjusted by multiplying it with the following fraction:

$$\frac{C-D}{C}$$

ROLE OF TRUSTEE

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed Special Resolution, and no action or inaction on its part shall be construed as endorsing or rejecting the Proposed SCR and Delisting, or the subject matter of the other proposed Special Resolution, in any way.

Furthermore, the Trustee shall not be responsible or liable to the Issuer, MBf-H, the RCSLS-B Holders or any other person for any loss, cost, expense, action, proceeding, damage or other liability resulting from:

(a) the giving of any consent, making of any determination or exercise of any discretion where it has been authorised to act in accordance with the Special Resolution; or

(b) any failure of the RCSLS-B Holders to authorise the Trustee to give such consent, make such determination or, as the case may be, exercise such discretion

A copy of this notice shall be delivered to the Trustee on the date stated above.

Documents Available for Inspection, Enquiries

Copies of the Trust Deed B and the Exchange Option Deed referred to in this Notice and the proposed Special Resolution set out below will be available for inspection by RCSLS-B Holders at the specified offices of the Trustee, the Principal Paying Agent and the Registrar set out below.
The Bank of New York Mellon
Units 1201-5, Three Pacific Place
1 Queen's Road East
Hong Kong
Attention: Tin Chung
For information by telephone:
+852 2840 6617
tin.chung@bnymellon.com

RCSLS-B Holders requiring further details of the Proposed SCR and Delisting can also contact Mr. Thomas Mathew of MBf-H at Level 17, Menara MBf, Jalan Sultan Ismail 50250 Kuala Lumpur, Telephone : 603-2167 8039 or email : thomas@mbfh.com.my

SPECIAL RESOLUTION

THAT this meeting of holders of US$11,294,335 Class B Guaranteed Floating Rate Redeemable Convertible Secured Loan Stocks due 2013 (the "**RCSLS-B**") issued by Onglory Holdings Limited (the "**Issuer**") and constituted by the Trust Deed B dated 30 June 2003 (the "**Trust Deed B**") made between the Issuer, MBf Holdings Berhad (the "**Guarantor**") and The Bank of New York Mellon, Hong Kong Branch (the "**Trustee**") as trustee for the RCSLS-B Holders hereby:

(1) authorize and direct the Trustee to give consent to the Proposed SCR (as defined in the Notice of Meeting dated 31 March 2010) pursuant to Clause 14.1.1 of the Trust Deed B;

(2) authorize and direct the Trustee to waive any and all breaches or Events of Default, if any, which may occur as a result of the Proposed SCR and Delisting;

(3) authorize and direct the Trustee to consent to the Amendments and any and all consequential amendments to the Issue Documents that may be required and which are of a formal, minor or technical nature and are not materially prejudicial to the interests of the RCSLS-B Holders in relation to the Proposed SCR and Delisting, and to enter into any documents required to give effect to the same.
:

(4) acknowledge and agree that the Trustee shall have no obligation to take any step in relation to the giving of such consents as set out in (1) to (3) above or the exercise of its rights and/or those of the RCSLS-B Holders of whatever nature under the Trust Deed B, the RCSLS-B or the general law, which will, or might, in its opinion, require it to risk or expend its own funds unless the Trustee is indemnified and/or secured to its satisfaction;

(5) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the RCSLS-B Holders against the Issuer and/or the Guarantor and/or any other person involved in or resulting from this Special Resolution; and

(6) discharges and exonerates the Trustee from any liability in respect of any act or omission for which it may be or become responsible under the Trust Deed B or the RCSLS-B or any other Issue Document in connection with any action or step taken or omitted to be taken by the Trustee under or pursuant to or in connection with this Special Resolution.

By Order of the Board
Martin Richard Haeger
Director

Notes:
The relevant provisions governing the convening and holding of the Meeting are set out in Schedule 4 of the Trust Deed B. Please note the following:

1. A holder of the RCSLS-B entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead by instrument in writing available at the registered office of the Issuer.
2. A proxy need not be a holder of the RCSLS-B.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
4. All forms of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of MBf-H at Level 17 Menara MBf, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia during normal business hours and not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. The forms of proxy shall not be valid in case of default in fulfilling such requirements.
5. A resolution passed at a meeting of the RCSLS-B Holders duly convened and held in accordance with the Trust Deed B shall be binding upon all the RCSLS-B Holders whether present or not present at the meeting and each of the RCSLS-B Holders and the Trustee (subject to the provisions for its indemnity contained in the Trust Deed B) shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of any such resolution justify the passing thereof.
6. Subject to all other provisions contained in the Trust Deed B, the Trustee may without the consent of the Issuer, the Guarantor or the RCSLS-B Holders prescribe such further regulations regarding the holding of meetings of RCSLS-B Holders and attendance and voting at them as the Trustee may in its sole discretion determine

ONGLORY HOLDINGS LIMITED
(IBC No. 501562)
Incorporated in the British Virgin Islands
FORM OF PROXY

	FOR	AGAINST	ABSTAIN
SPECIAL RESOLUTION : TRUSTEE BE AUTHORISED TO CONSENT TO THE PROPOSED SCR (EFFECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE UNDER SECTION 64 OF THE MALAYSIAN COMPANIES ACT, 1965 TO BE UNDERTAKEN BY MBf HOLDINGS BERHAD (THE GUARANTOR) FOR THE RCSLS-B (THE "PROPOSED SCR") (the full text of the Special Resolution being as set out in the Notice of Meeting dated [31 March] 2010)			

I/We . . . . . .
of . . . . . .
(FULL ADDRESS)
being a holder of **ONGLORY HOLDINGS LIMITED'S USD11,294,335 CLASS B GUARANTEED FLOATING RATE REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2003/2013 OF USD**_____
hereby appoint . . . . . .
(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)
with (PASSPORT/PERSONAL IDENTIFICATION NO.) . . . . . .
of . . . . . .
(FULL ADDRESS)
or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Meeting of RCSLS-B Holders to be held at the offices of Linklaters, 10th floor, Alexandra House, 18 Chater Road, Central, Hong Kong on [Thursday, 22 April] 2010 at [11.00 a.m.] or at any adjournment.

My/Our proxy is to vote as indicated below:

(Please indicate with an "x" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion)

Signed this . . . . . day of 2010

. . . . . .
Signature(s)/Common Seal of Holder / Duly authorised signatory

Notes:
1. A holder of the RCSLS-B entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead by instrument in writing available at the registered office of the Issuer.
2. A proxy need not be a holder of the RCSLS-B.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
4. All forms of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of MBf-H at Level 17 Menara MBf, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia during normal business hours and not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. The forms of proxy shall not be valid in case of default in fulfilling such requirements.
5. A resolution passed at a meeting of the RCSLS-B Holders duly convened and held in accordance with the Trust Deed B shall be binding upon all the RCSLS-B Holders whether present or not present at the meeting and each of the RCSLS-B Holders and the Trustee (subject to the provisions for its indemnity contained in the Trust Deed B) shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of any such resolution justify the passing thereof.
6. Subject to all other provisions contained in the Trust Deed B, the Trustee may without the consent of the Issuer, the Guarantor or the RCSLS-B Holders prescribe such further regulations regarding the holding of meetings of RCSLS-B Holders and attendance and voting at them as the Trustee may in its sole discretion determine.

Senator tries to bridge growing political divide

[Capital Journal]

By Gerald F. Seib

As Allied armies marched toward Germany in the closing days of World War II, Adolf Hitler ordered the bridges crossing the Rhine River blown up to slow the advance. And so they were, until just one was left standing at Remagen.

In Washington today, Republican Sen. Lindsey Graham resembles that span at Remagen: He sometimes looks like the last bridge left standing to connect the two parties in an increasingly polarized capital.

That's either a courageous or a foolhardy position in the wake of the vicious health-care battle.

Yet the South Carolina senator stands firm. In recent days he has emerged as the lawmaker trying hardest to find a bipartisan solution to two of the toughest problems on the docket: a policy for terrorism detainees and an energy bill to reduce both dependence on foreign oil and greenhouse-gas emissions.

At a time when lawmakers are more likely to be attacked than lionized for trying to work across party lines, Mr. Graham is quietly, though sometimes grudgingly, respected within his caucus, and admired inside the White House for his bravery.

He is hardly acting out of blind love for President Barack Obama's administration. In an interview, he calls the president "a very polarizing guy," and in a weekend appearance on NBC's "Meet the Press" he excoriated the Democrats' recently passed health bill in terms that would have made the Republican National Committee proud.

Instead, he says, "I have taken the approach that, no matter how upset I am about health care, when it comes to national security, you have to work together." And he regards both terrorism detentions and energy as national-security matters.

His focus on the detentions comes naturally. Mr. Graham once was an active-duty Air Force lawyer who still serves as one part-time in the reserves. Indeed, he will soon be traveling to Afghanistan for another brief stint on duty.

He sees a nation caught between a rock and a hard place on detainees. The courts have thrown roadblocks in front of the Bush administration's strategy of using military tribunals and indefinite detentions to handle terrorism suspects, and even the Bush administration thought the military prison it created at Guantanamo Bay, Cuba, had become a legal and diplomatic problem. Yet the Obama administration's original plan to close Guantanamo and try its inmates in civilian courts has turned into a political nonstarter.

So Mr. Graham is trying to pull senators and the White House together behind a compromise plan that would use military commissions for some detainees, civilian courts for others, and establish legal procedures for indefinite detention of several dozen of the most dangerous detainees, who can't be tried or released.

Those being held indefinitely would be given an annual review by a judge.

Such a plan would allow Mr. Obama to close the prison at Guantanamo Bay and move its remaining occupants to a prison somewhere within the U.S., for which Mr. Graham would agree to help find funding.

"What I've offered the president is a comprehensive solution that includes closing Guantanamo safely, but that's not the whole solution," he says.

Energy is less politically charged, but no less complicated. The bar on energy policy was set last year by the House, which passed a bill establishing a cap-and-trade system for greenhouse gases, which would put a ceiling on such emissions across the economy and allow companies to trade permits for the right to make greenhouse-gas emissions under that ceiling.

In the eyes of Mr. Graham and many of his colleagues, such a big cap-and-trade bill is dead for this year, killed by a lack of enthusiasm for another big social-policy change in the wake of the health-care battle. So Mr. Graham, working with Democratic Sen. John Kerry and independent Sen. Joe Lieberman, is devising a more nimble approach that focuses instead on increasing America's energy independence, which also happens to reduce greenhouse gases.

The best hope for a solution, Mr. Graham says, lies in the business community lobbying to get something passed, both to resolve uncertainty about energy policy and to prevent the Environmental Protection Agency from stepping into a vacuum to control greenhouse gases through regulation.

Mr. Graham has no desire to be the lone Republican vote getting the Democrats just across the finish line on either detainee or energy policy. His goal is loftier: Bring Democrats and numerous Republicans together.

Of course, that still may prove a bridge too far this election year.

Getty Images

Republican Sen. Lindsey Graham at a news conference in December.

Obama confronts foes

White House seeks to rally supporters by taking aggressive tone

By Jonathan Weisman

President Barack Obama, after a year of fitfully searching for compromise, is taking a more aggressive tack with his Republican adversaries, hoping to energize Democratic voters and possibly muscle in some Republican support in Congress.

On Thursday, the president challenged Republicans who planned to campaign on repealing his health-care bill with, "Go for it." Two days later, he made 15 senior appointments without Senate consent, including a union lawyer whose nomination had been blocked by a filibuster.

At a bill-signing event Tuesday, he lauded passage of higher-education legislation that was approved despite Republican objections through a parliamentary maneuver that neutralized the party's filibuster threat.

On Thursday, Mr. Obama will be in Maine, home state of two moderate Republican senators who opposed his health-care plan, to promote the health law.

Even his surprise trip to Afghanistan on Sunday mobilized the perks of the presidency to marshal public opinion, as pictures were beamed home of Mr. Obama mobbed by U.S. troops.

A senior Democratic official said the push was a textbook case of taking advantage of political momentum as the campaign season begins. Republicans are "on the defensive," the official said, "and as long as they're not cooperating, we ought to keep them there."

Republicans say Mr. Obama's overtures to them have been for show, whether it was his January meeting with House Republicans in Baltimore or last month's televised, bipartisan health-care summit.

The partisanship "may be more visible, and he may be more resolute about it, but as far as most of us are concerned, this is business as usual," said Tennessee Sen. Lamar Alexander, a member of the Republican leadership.

But Mr. Alexander said the recent moves are broader, more public swipes that will hurt the president in the end.

He conceded that Republican leaders have tried to maintain unity in opposition. "When you have 40 Republicans, with your back against the wall and the gallows are right in your face, you're going to do your best to be unified," Mr. Alexander said.

The onus, however, is on the president to build relationships with minority leaders, Mr. Alexander said.

"If you're the president or a governor and you don't have a good relationship with the other party, that's your problem to solve," he said.

Mr. Obama campaigned on calling for an end to partisan bickering in Washington, but once in office he launched an ambitious agenda that pursued several long-held Democratic goals.

Meanwhile, Republicans decided at an early stage to aggressively oppose most of Mr. Obama's agenda. Partisan tensions have run high for most of his term.

Recently, Mr. Obama has been swinging particularly hard. He followed up his "go for it" taunt Thursday with the recess appointment of union lawyer Craig Becker to the National Labor Relations Board, adopting a tactic that presidents of both parties have used in recent decades to skirt the normal confirmation process. Mr. Becker's confirmation had been blocked in the Senate by a filibuster in February.

Associated Press

President Obama arrives Monday in Maryland from Afghanistan.

On Tuesday, Mr. Obama will sign what has been billed as a package of fixes to the health-care bill, approved under rules that required only a simple majority vote to pass in the Senate. That nullified Republicans' power to block it through a filibuster.

Democrats attached to the bill a major overhaul of student-lending laws, which eliminated a federal subsidy for private tuition lenders, federalized most student loans and plowed the savings into expanded federal higher education aid. Republicans say the bill will destroy the private student-lending market.

Mr. Alexander, the Tennessee Republican, called the student-loan move "really brazen" and "the most underreported, biggest Washington takeover in history."

In classic game theory, confrontation is sometimes necessary when cooperation breaks down to present a credible potential threat and get the two sides to re-engage, said Robert Axelrod, a University of Michigan political scientist and author of the game-theory book, "The Evolution of Cooperation." He isn't related to White House senior adviser David Axelrod.

The Senate doesn't work the way game theorists think, said Antonia Ferrier, an aide to Republican Sen. Orrin Hatch of Utah. A body built on personal relationships is likely to spiral into endless tit-for-tat retaliations in the face of Mr. Obama's new turn, she said.

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TECHNOLOGY

Octopus hopes to expand in China

Hong Kong payment method could be repurposed as a 'citizen card' to also manage personal data for government

By Jonathan Cheng

HONG KONG—Over the past 12 years, Hong Kong's ubiquitous "Octopus card" has brought cashless payments to every facet of this city's life, allowing people to ride subways, pay phone bills and buy groceries with the wave of a small plastic card.

Now, **Octopus Holding** Ltd. is spreading its tentacles around the world and into its most promising market: mainland China, where the card's functions are being repurposed to handle everything from all-in-one bill payments to birth registration and social security. But as the amount of data stored on the card expands, concerns about privacy are growing.

The Octopus card is effectively a stored-value account. Customers deposit cash in the card, and then deduct from it for purchases by tapping the card against pads at subway turnstiles, vending machines and cashier counters.

Retail outlets like 7-Eleven, McDonald's and Hong Kong supermarket chains accept Octopus payments. Customers aren't required to provide identification to get a card, but instead put down a deposit of about US$6.50 that is refunded upon returning the card.

Radio-frequency identification, or RFID, the technology at the heart of the Octopus card, already is used to pay fares in a number of public-transit systems around the world, such as the London Underground, which uses the Oyster fare card. The system, which uses radio waves to send information from an RFID tag to an information reader from a distance of several feet, can be found in a range of broader applications, as well, from animal identification to tracking library books.

But Octopus, which uses an RFID chip made by **Sony** Corp., is pushing the boundaries of how it is used.

In addition to their wide range of commercial and transit applications, Octopus cards now double as credit cards and debit cards. Others are used as staff and membership cards that can track attendance and group benefits. The system has revolutionized life in Hong Kong, mostly without glitches, handling an average of 11 million financial transactions every day worth about US$12.9 million.

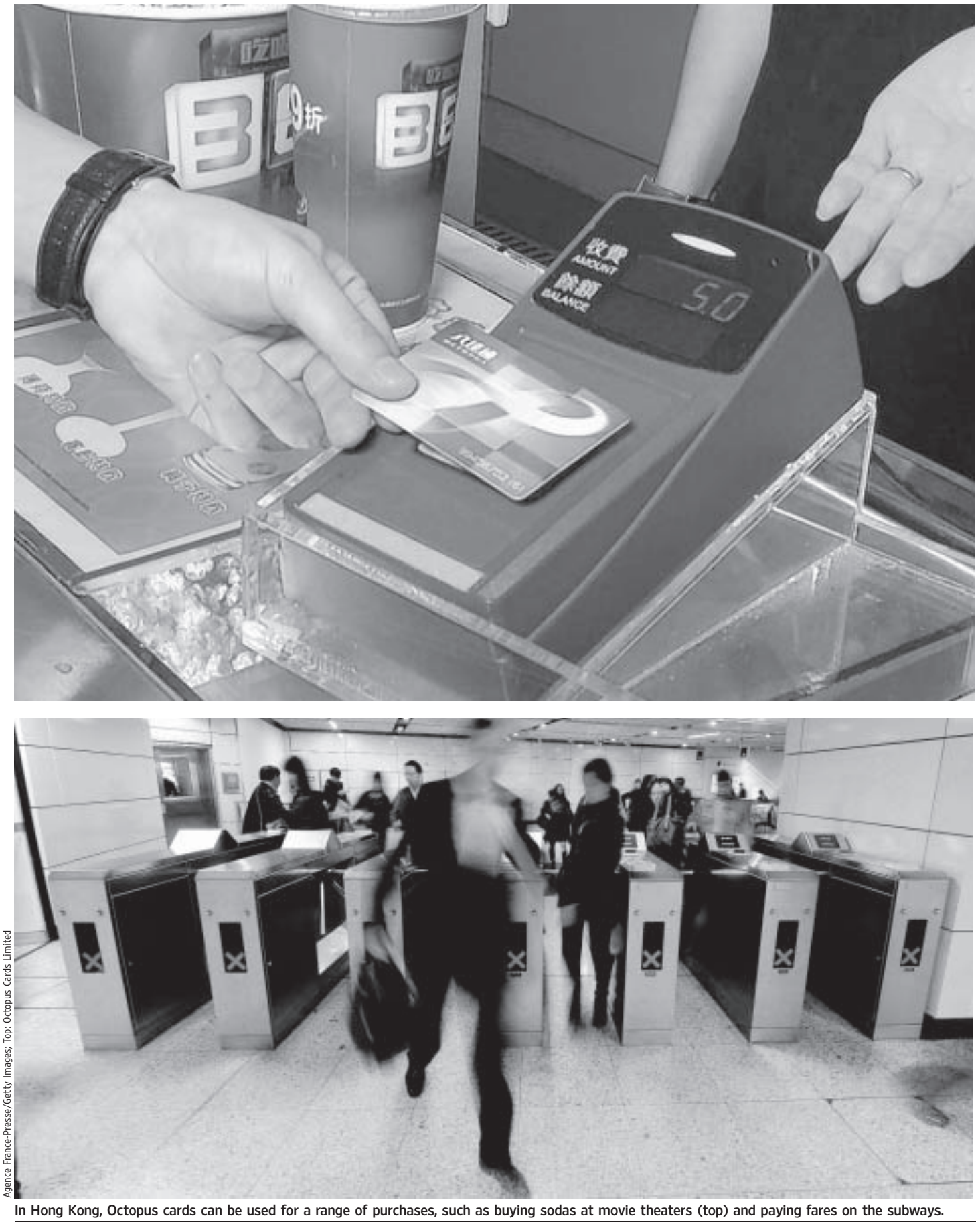
Overseas, Octopus has won long-term contracts in recent years with the governments of Auckland, New Zealand; Dubai; and the Netherlands for use in public-transit operations.

Now Octopus, a private company owned by a consortium of Hong Kong's public-transport operators, wants to explore the potential for deals closer to home, in mainland China. Earlier this year, the company formed a joint venture with **Digital China Software** Ltd., a Beijing-based spinoff of personal-computer giant **Lenovo Group** Ltd., to pursue government deals. Octopus says it hopes to secure contracts with 10 mainland-Chinese cities that issue so-called citizen cards within the next three years through its joint venture with Digital China. It didn't disclose the cities with which it has been in contact.

Several Chinese municipalities are already drafting plans for all-in-one citizen cards that use the same RFID technology as Octopus. One Chinese city, Nanjing, wants to create a card that would reach into every pocket of daily life, serving as official identification as well as managing such things as pension payments, worker injury compensation and childbirth insurance, and payments for public transportation, culture, education and sanitation.

Nanjing says it has been in discussions with Octopus as it rolls out its citizen card, though it didn't elaborate on the nature or the outcome of the discussions with Octopus.

Hangzhou, a coastal city close to Shanghai and Nanjing, says it has issued about 2.3 million citizen cards, representing 90% of residents over 16 years old, but wants to expand its features. Hangzhou didn't comment on any possible relationship with Octopus or its joint venture.



Agence France-Presse/Getty Images; Top: Octopus Cards Limited

In Hong Kong, Octopus cards can be used for a range of purchases, such as buying sodas at movie theaters (top) and paying fares on the subways.

Hangzhou says it is currently storing personal information on its 6.7 million residents—as many as 223 details per person—in a central database that will control which medical, educational and housing benefits are available to which cardholders.

"Hangzhou's citizen cards have already entered every element of citizens' daily life," the government said in a written response to questions.

Many cities envision a citizen card that would allow a patient's medical history and his or her eligibility for benefits to be called up with the swipe of a card. Cards could also carry residential data, allowing for entry and exit access to residential buildings as well as the payment of building-management fees.

The card is also intended to handle social-security and birth registration—adding another potential tool to China's efforts to enforce its one-child policy and other controls over such things as geographical movement.

Further concerns have been raised over data privacy. Nanjing's city government has said it would develop software and hardware to minimize the leakage of information. China's government has historically had few qualms about collecting data about its citizens.

Octopus says it complies with laws in the jurisdictions it does business in, adding that the company isn't responsible for how the technology is used—only that it provides the technological platform upon which its governmental clients operate applications.

Data breaches haven't been an issue with Octopus cards in Hong Kong, which for the most part carry only cash. Some cards are registered by name and if lost or stolen can be deactivated or traced.

In Hong Kong, because of the amount of customers' money that Octopus handles, the company is regulated by the Hong Kong Monetary Authority, the city's banking regulator, as a deposit-taking institution.

Hong Kong's tighter privacy laws are a reason for Octopus's reluctance to unlock the commercial potential of its technologies. The company says that, despite its ability to aggregate large quantities of data on travel and spending habits useful to Hong Kong marketers, its privacy policy dictates that the data can't be sold to third parties.

—Bai Lin contributed to this article.

AT&T is the only carrier selling iPhones in the U.S. That will change if Apple manufactures a device to run on CDMA technology that Verizon and others use.

Associated Press

New iPhone could end AT&T's U.S. monopoly

Verizon Wireless and other carriers using CDMA networks will open a significant new market for Apple devices

Apple Inc. plans to begin producing this year a new iPhone that could allow U.S. phone carriers other than **AT&T** Inc. to sell the iconic gadget, said people briefed by the company.

*By **Yukari Iwatani Kane**, **Ting-I Tsai** And **Niraj Sheth***

The new iPhone would work on a type of wireless network called CDMA, these people said. CDMA is used by Verizon Wireless, AT&T's main competitor, as well as **Sprint Nextel** Corp. and a handful of cellular operators in countries including South Korea and Japan. The vast majority of carriers world-wide, including AT&T, use another technology called GSM.

With Apple developing a phone with CDMA capability, its exclusive U.S. arrangement with AT&T dating to 2007 appears set to end.

Verizon Wireless, owned by **Verizon Communications** Inc. and **Vodafone Group** PLC, declined to comment. An AT&T spokesman said: "There has been lots of incorrect speculation on CDMA iPhones for a long time. We haven't seen one yet and only Apple knows when that might occur." Apple declined to comment.

Steve Jobs

Separately, Apple plans to release a new version of its current iPhone this summer, continuing its practice of annual upgrades at about the same time of year, said people briefed on the matter. The model is likely to be thinner and have a faster processor, two people familiar with the device said.

For AT&T, the Apple relationship has been crucial, helping to make the carrier the U.S. leader in lucrative smart-phone market share. According to comScore Inc., AT&T has over 43% of all U.S. smart-phone customers, compared with 23% for Verizon. These customers are especially attractive because they generally pay higher monthly rates for data plans.

For several quarters, AT&T's growth has come almost single-handedly from the iPhone. In the fourth quarter of 2009, the carrier said it activated 3.1 million new iPhones. In comparison, it counted only a net total of 2.7 million new subscribers as some customers moved from other phones to iPhones.

"You're not going to lose the iPhone [exclusivity] and make up growth somewhere else without bearing the cost," said Sanford C. Bernstein & Co. research analyst Craig Moffett.

The people briefed on the matter said the upgraded GSM iPhone is being made by Taiwanese contract manufacturer **Hon Hai Precision Industry** Co., which produced Apple's previous iPhones. The CDMA iPhone model is being made by **Pegatron Technology** Corp., the contract manufacturing subsidiary of Taiwan's **ASUSTeK Computer** Inc., said these people.

One person familiar with the situation said Pegatron is scheduled to start mass-producing CDMA iPhones in September. Other people said, however, that the schedule could change and the phone may not be available to consumers immediately after production begins.

Representatives of Pegatron and Hon Hai declined to comment.

Verizon has publicly stated its interest in the iPhone, but people familiar with the situation said Apple originally decided against developing a phone for Verizon to keep its development process simple, since the technologies are incompatible.

Verizon also is upgrading its network to a higher-speed technology, so Apple has said it believed CDMA was a short-term technology. Apple later changed its mind as it realized Verizon's upgrade would take longer than expected, said people familiar with the situation.

Making the iPhone available through Verizon, which has over 91 million customers, as well as potentially other CDMA carriers could open up a significant new market. In 2009, iPhone sales globally rose 83% to 25.1 million, far outpacing the 20% to 25% growth in smart phones sales overall, according to Bernstein. But since Apple already dominates smart-phone sales through existing partners, "sooner rather than later, Apple is going to have to look to find incremental distribution," said Bernstein analyst Toni Sacconaghi. He estimates Verizon could help Apple nearly double the number of iPhone users in the U.S.

AT&T's relationship with Apple, a lucrative deal arranged by Apple Chief Executive Steve Jobs, shows how such a partnership with other carriers could present challenges.

Analysts estimate AT&T pays Apple more than $600 per phone, but sells most of them for $199 or less. Heavy iPhone users have also put an enormous load on AT&T's wireless network, pushing the carrier to a breaking point in some markets such as New York and San Francisco.

Qualcomm Inc., which holds patent rights to CDMA, is the dominant designer of CDMA chips.

Bazaar: Manila

The place Octagon Computer Superstore in SM City Fairview mall, Quezon City

The goods Acer Inc.'s eMachine 250-01G16i netbook

Acer

The specs This entry-level eMachine comes in a fairly standard configuration, available in silver or black. It has a 10.1-inch LED screeen and is built around an Intel ATOM processor N270 with one gigabyte of RAM and a 160-gig hard drive. Also built-in: Wi-Fi in the 'b' and 'g' flavors, Bluetooth, a webcam, an ethernet connection and a card reader.

The price 14,900 pesos ($330), including Windows 7 starter operating system.

The deal Octagon already offers one of the lowest prices for the eMachine, and even throws in an eight-gig flash drive for a limited time. Staff say the gadget is very popular graduation gift. Other shops do offer a lower price for the notebook, but you'd still need buy an operating system. –Cris Larano

CORPORATE EARNINGS

European Pressphoto Agency

Hutchison profit climbs

Conglomerate predicts 3G mobile business will improve this year

By Joyce Li

HONG KONG—**Hutchison Whampoa** Ltd., which posted a 12% rise in 2009 net profit Tuesday, expects its third-generation mobile-phone business to break even this year on an earnings-before-interest-and-tax basis, after the business failed to meet its target last year.

Chairman Li Ka-shing said the outlook for the company's 3G operations is "still positive," adding he expects good growth in the group's businesses this year despite many uncertainties in the global economy.

"If [our] businesses meet [our] targets this year, we'll consider raising our dividend," Mr. Li said. "We would have raised our dividend last year if our 3G business had reached its target."

The conglomerate, which has interests ranging from ports to telecommunications, said net profit rose to 14.17 billion Hong Kong dollars (US$1.83 billion) in 2009 from a restated net profit of HK$12.68 billion in the previous year.

Revenue fell 11% to HK$208.81 billion from HK$235.48 billion.

Hutchison Whampoa, based in Hong Kong, declared a final dividend of HK$1.22, unchanged from the previous year.

Contributions from extraordinary items more than offset the HK$5.28 billion loss before interest and tax posted by the conglomerate's 3G operations, which occurred despite a HK$3.64 billion gain from the merger of 3 Australia with **Vodafone Group** PLC's Australia operations. Hutchison Whampoa's 3G operations had a loss of HK$15.79 billion before interest and tax the previous year.

"Barring any significant adverse market developments or regulatory developments, the [3G operations'] results are expected to continue to improve and, going forward, to make a positive contribution to the group's earnings before interest and tax results," Mr. Li said in a prepared statement.

Hutchison Whampoa had set a target for its 3G operations to break even on an EBIT basis in 2009, but Managing Director Canning Fok backed away from that target in August, saying the operations might reach the break-even point in 2009 or the first half of this year instead.

Hutchison's 3G operations—which encompass the competitive U.K. and Italian markets, as well as Australia, Austria, Hong Kong and Sweden—have more than 26.8 million subscribers, up from 25.3 million in August.

Hutchison Whampoa's contribution to its affiliate **Cheung Kong (Holdings)** Ltd., Mr. Li's property flagship, increased 12% to HK$7.08 billion. Cheung Kong, Hong Kong's second-largest property company by market capitalization after **Sun Hung Kai Properties** Ltd., said Tuesday its 2009 net profit rose 53% to HK$19.89 billion from HK$13.03 billion.

Mr. Li has been buying back shares in Cheung Kong and Hutchison Whampoa since last year and said he will continue to do so.

Hutchison Whampoa's EBIT from established businesses declined 32% to HK$37.87 billion from HK$55.36 billion. Established businesses include ports, property, retail, energy and infrastructure as well as 60.4%-held unit **Hutchison Telecommunications International** Ltd., which Hutchison Whampoa is offering to take private.

The company's ports operations contributed HK$10.41 billion, or 27% of total EBIT, down from HK$13.24 billion in 2008, as global trade remained weak as a result of the global economic crisis.

Cosco Pacific's net falls amid trade ills

By Joanne Chiu

HONG KONG—**Cosco Pacific** Ltd. said Tuesday its 2009 net profit fell 37% because of a sharp decline in container-handling volume as the global financial crisis hurt international trade, but the Chinese ports investor said business has improved markedly since the end of last year thanks to China's rapid recovery.

The financial crisis that began in late 2008 hit the shipping industry hard, leading to a slump in global export volumes, prompting many of the world's biggest container shippers and port operators to cut capacity and defer investment in a bid to maintain profitability.

Cosco Pacific, the world's fifth-largest container-port operator by throughput, had said it would cut capital expenditure and stop looking at new port investments to conserve cash during the global economic slump. The company has stakes in container terminals in mainland China, Hong Kong, Singapore, Belgium, Egypt and Greece, and competes with the likes of **China Merchants Holdings** (International) Ltd. and **DP World**.

But the container-shipping industry has staged a rapid comeback since the end of 2009, fueled by inventory restocking by retailers and improved consumer demand. Cosco Pacific's ports handled 23% more cargo in the first two months of 2010 compared with the same period last year, because of a strong recovery in China's economy as well as a low base of comparison.

Cosco Pacific said its net profit declined to $172.5 million in 2009 from $274.7 million the previous year. Revenue rose 3.4% to $349.4 million from $338 million.

Cosco Pacific, a 51%-owned unit of state-controlled shipping company **China Cosco Holdings** Ltd., said its port-handling throughput last year fell 5.1% to 43.6 million 20-foot equivalent units, or TEUs, though throughput rebounded 0.6% in the fourth quarter as the downturn bottomed out.

Cosco Pacific Managing Director Xu Minjie said that although international trade is set to resume sustainable growth, he warned that the global economy remains vulnerable and the company will tighten cost controls this year.

European Pressphoto Agency

A Cosco Pacific container terminal in Piraeus, Greece, in November

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THE PROPERTY REPORT

Henderson to buy more land

By Joyce Li

HONG KONG—**Henderson Land Development** Co. said Tuesday it intends to increase its development land holdings in Hong Kong in light of its positive view of the city's property market, even as it reported an underlying profit for the 18 months ended Dec. 31.

The blue-chip developer's plan to increase its development land holdings comes as the government has been taking steps to increase the supply of housing in Hong Kong, including more land auctions, more conversion of farmland into developable land, and the sale of the territory's remaining inventory of public housing. Home prices rose an average 29% last year.

Henderson Land, controlled by billionaire Lee Shau-kee, last year changed its financial year end to Dec. 31 from June 30. The company said its underlying profit for the 18 months ended Dec. 31 totaled 6.09 billion Hong Kong dollars (US$784.5 million). In the year ended June 30, 2008, its underlying profit totaled HK$5.71 billion.

Analysts prefer to look at underlying profit to gauge the performance of Hong Kong's property companies because regular revaluations of investment properties distort the bottom line.

Henderson Land's net profit for the 18 months ended December 2009 totaled HK$14.32 billion, down from HK$15.47 billion for the 12 months ended June 2008.

Revenue for the July 2008-December 2009 period was HK$15.23 billion. For the 12 months ended June 2008, revenue totaled HK$13.49 billion.

Revenue from property sales in the 18 months ended 2009 was HK$8.67 billion, accounting for 57% of total sales, while revenue from property leasing totaled HK$4.18 billion, making up 27% of total sales.

Henderson Land derived nearly 91% of its 18-month revenue from Hong Kong, selling HK$8.37 billion worth of property in the territory during the reporting period. The developer had 856 residential units for sale in Hong Kong as of December.

It said it plans to expand its development land holdings in Hong Kong through the conversion of agricultural land, and further acquisitions of farmland and old buildings, to bring its floor area of land available for development in the territory to 24.78 million square feet (2.3 million square meters) in 2010 and beyond.

Its Hong Kong land bank totaled 19.8 million square feet of floor area at the end of last year. It also owns about 40 million square feet of farmland in Hong Kong, which can be converted to residential development use—the most of any local developer.

The company, which is also engaged in property development and investment in major mainland Chinese cities, such as Beijing, Shanghai and Guangzhou, had a mainland China land bank with an attributable developable gross floor area of 146.2 million square feet at the end of last year.

The Ballad of Sallie Mae

President Obama signed his nationalization of the college student loan market on Tuesday in Washington, which will put the Department of Education directly in charge of doling out cash to students and colleges. It's one more plank in the cradle-to-grave entitlement state, but this landmark is also a good moment to recount the rise and fall of Sallie Mae. It's a cautionary tale for our times about public subsidy, arbitrary politics and doing business with the government.

> A cautionary tale of public subsidy and arbitrary politics.

The story begins in another progressive heyday, 1965, when the federal government launched a program to make college "affordable" by offering a taxpayer guarantee on student loans. College has if anything become even less affordable since, as the subsidies have merely driven up the prices that colleges charge.

So in 1972, with affordability still an issue, Congress created a new government-sponsored enterprise, the Student Loan Marketing Association, or Sallie Mae. Like Fannie Mae and Freddie Mac in housing, Sallie was born with a federal charter and an implied taxpayer backstop to provide a secondary market for student loans. Sallie would go public in 1983 and, also like Fan and Fred, mint money for shareholders by enjoying a lower cost of funds than fully private lenders.

This free lunch gradually became a source of political concern and an inviting target under federal accounting. In 1993 President Bill Clinton claimed in his first budget that the government could save billions by cutting out the private firms and lending directly to students. But even a liberal Congress had concerns about this "single-payer" model.

That year the White House and Congress compromised and created a "public option." The government's new Direct Lending program would compete with private loan originators. Sallie would still be able to provide a secondary market for the loans made by private firms, but new fees in the law took away much of Sallie's cost-of-funds advantage.

The Clinton Administration continued to push for the end of Sallie's federal charter. But in contrast to Margaret Thatcher's campaign to convert U.K. state-owned monopolies into private competitive companies, the Clinton team wanted to turn most of the market over to its new state-owned program at the Department of Education.

A 1996 law set a 2008 deadline to make Sallie fully private. The company moved aggressively into the loan origination market and went private a few years early, in 2004. For a time, business was very good, and the leader in the student-loan market saw its stock approach $60 a share as recently as 2007.

However, liberals were perennially disappointed that the "public option" at the Department of Education, plagued by customer-service failures, had failed to win most of this business. So when Democrats took control of Congress in 2007, they also seized greater control of education financing. First they reduced the return on originating government loans, then they increased regulation of private loans, and this year they pressed their outright ban on private origination of federal loans. Today a Sallie share costs $12.67. Sallie's shares fell with the financial panic, but thanks to the Congressional squeeze they haven't rebounded like those of the big banks.

We have no special brief for Sallie or its shareholders, who presumably understood the political risks they were running. Democrats have also been shrewd in pitching their takeover as an end to public subsidy, though there will be no such thing. The reality going forward is likely to be even more subsidies, more taxpayer risk and higher tuition prices.

George Miller in the House and Tom Harkin in the Senate are on a march to all-government financing, and that includes enacting new rules in recent years to discourage even private student loans *with no taxpayer risk*. Sallie had a booming business in fully private loans, but expansions of the federal Stafford and PLUS programs helped drive the volume of Sallie's private business down 50% last year. The PLUS expansion was enacted in 2006, proving that Republicans have also helped to build the subsidy machine.

This week's legislation is also a way to lever up spending on federal college grants. That's because Congress is pouring the putative savings from punishing Sallie and other private companies into more Pell grants. The savings are illusory, based on government accounting rules that ignore the likelihood of higher future loan losses, but the spending will be all too real for taxpayers.

We should note that not even the Congressional Budget Office believes that CBO's analysis is correct. In an only-in-Washington farce, CBO director Douglas Elmendorf has to his credit written a series of letters explaining in detail why his official estimates are wrong, which of course Congress ignores.

Following this week's signing ceremony, Sallie says it will have to fire 2,500 of its 8,600 employees, though perhaps they can look for jobs at the Department of Education. Sallie's saga is almost certainly the future of health-care insurers as liberals attempt to resurrect their "public option" once insurance premiums inevitably rise.

As for the cost of college, expect it to become even less affordable as the subsidies keep flowing. The main achievements of this new legislation will be to give more power to government, and to transfer more of the costs and risks of college financing to taxpayers. There's no such thing as a free entitlement state.

Terror in Moscow

Twin subway blasts killed at least 38 Moscow commuters on Monday morning, the first one at the Lubyanka station near the headquarters of the old KGB, the next one, about 40 minutes later, at the Park Kultury station just across the river from Gorky Park. However often repeated, the brute nihilism of this kind of terrorism never fails to stun. We will remember Monday's attacks as we do similar atrocities in London, Beslan, Madrid, Jerusalem, Bali and New York.

That is also the context in which the bombings are best understood. Russian investigators were quick to ascertain that the bombers were both women, almost certainly Muslim, and almost certainly doing the bidding of terrorist groups operating in the North Caucasus, where Russia has intensified its battles against Chechen and Ingush insurgents. Those battles emerge from their own particular circumstances, in which the Russians have hardly been blameless. But no act could have been better calculated to discredit those insurgents or the causes they purport to serve than Monday's mass murders.

As it is, it is becoming increasingly difficult to distinguish the jihadists of the Caucasus from their brethren elsewhere in the Muslim world. Last month, Russian security services reportedly killed Egyptian al Qaeda operative Makhmoud Mokhammed Shaaban in Dagestan, a Russian province that sits between Chechnya and the Caspian Sea. Al Qaeda financiers operating through Islamic "charities" have long been suspected of funneling money to Chechen terrorists. Even Zacarias Moussaoui, the "20th hijacker" now serving a life sentence in the U.S., is believed to have served as a recruiter for al Qaeda-sponsored groups in Chechnya.

There are good reasons for the Kremlin to improve on the rough peace it has sought to impose on Chechnya and its neighboring provinces. But so long as ordinary Russians remain a target of jihadist killers, they deserve not only the West's sympathy but their support as allies in what used to be called the global war on terror.

Calling Burma's Bluff

Burma's generals are embracing democracy this year—"discipline-flourishing democracy," as they like to put it—and some of the junta's friends are buying in to the program. "There is a new beginning after the elections," said Association of Southeast Asian Nations Secretary General Surin Pitsawan last month, calling them "a step forward."

But not Aung San Suu Kyi, the leader of the opposition party that won Burma's last elections in 1990. At her bidding, Ms. Suu Kyi's party announced Monday that it would not contest the elections scheduled for this year, calling them unjust.

It's not hard to see why. Under the terms of the junta's 2008 constitution, nation-wide elections will elect a parliament in which 25% of the seats are reserved for the military, and constitutional changes require more than 75% approval. The political parties contesting the election will mostly be controlled by the generals or their friends. Any political party with members in jail is automatically disqualified. Given Burma's record of imprisoning dissidents, that makes political participation for a legitimate opposition basically impossible. (Right now 429 members of Ms. Suu Kyi's party are imprisoned.)

Despite the stacked deck, the regime has taken no chances. The government in Naypyidaw appointed an election commission of loyal bureaucrats, who have the power to approve or reject political parties that seek to contest the vote. The junta has also intensified military campaigns against secessionist ethnic minorities and jailed ever more dissidents.

Under those circumstances, Ms. Suu Kyi's opposition will not change the election outcome, but the symbolism still matters. She remains the country's most popular political figure, though she has been under house arrest for 14 of the last 20 years, and largely cut off from contact with the outside world.

Just as importantly, her move throws down the gauntlet for Burma's friends—countries like India, Thailand and Singapore—who typically swallow the generals' line. It also stands as a challenge to the Obama administration, which has pressed for more engagement with the junta but described the recent election laws as a "setback."

The point of the election charade, as the junta sees it, may be to gain international acclaim or be seen as less of a pariah. But Ms. Suu Kyi's gambit makes it harder for the generals to claim their democracy represents reconciliation—and for free nations to turn a blind eye.

Letters To The Editor

* * *

ObamaCare: Will It Be a Blessing or Curse?

In response to your March 23 editorial "The Doctors of the House": Americans will soon realize the important benefits of the health-care reform package. Insurance companies will no longer be able to deny coverage for pre-existing conditions. They won't be able to cancel anyone's health insurance when the policy holder gets sick. They won't be able to impose lifetime and annual caps on benefits.

Democrats made these things happen, without a single Republican vote, and they are bringing health insurance to tens of millions more Americans. Republicans fought these basic, commonsense goals every step of the way and now vow to repeal the whole thing if they regain power. Go on, Republicans, explain to the voters this fall why you want to take away their health care. I dare you to do it without lying.

Todd Belknap
Chicago

I agree wholeheartedly that it is the Democrats who will bear responsibility for the ramifications of ObamaCare. Unfortunately, we do not have the luxury of waiting to be proven correct; there is too much at stake.

If the logic of ObamaCare is allowed to articulate itself fully, we'll live in an America in which private businesses will be directly or indirectly subjugated to the needs of the welfare state, and in which more than 50% of the population will be dependent upon the nanny state for cradle-to-grave life support. Once this threshold is reached, will Republican ideals or who "owns" the ramifications of health reform matter?

As in Europe, the value-destroying public sector will become the employer of choice. Under conditions inhospitable to free enterprise and wealth creation, corporate America will ossify, existing only to feed the ant hill. The rest of us will have to shut up, pay up and look forward to the day when this glorious new system of serfdom collapses from its own weight.

Noel C. Tobin
Houston

Your editorial concludes that "we fought this bill so vigorously because we have studied governmental health care in other countries, and the results include much higher taxes, slower economic growth and worse medical care." I, too, have studied health care in other countries. The dominant feature in which the U.S. is clearly superior is the cost of care, which runs about twice the cost of care in countries such as France, Germany, Canada and the U.K., which have varying systems of universal medical coverage. For this extra care the U.S. ranks 38th in the world in life expectancy, behind Cuba as well as the above four countries; we rank 29th in infant mortality, and well behind most European countries in survival of dialysis patients.

Curtis J. Krock, M.D.
Clinical Associate Professor of Medicine
University of Illinois College of Medicine at Urbana-Champaign
Champaign, Ill.

* * *

Corruption Risks Are Not What You Think

Investors in China are indeed faced with the challenges of corruption and internal fraud described in J.C. de Swaan's Business Asia column ("Governing Corporate China—Or Not," March 25). A wide body of literature supports arguments that traditional constraints on corruption are weakening.

But the real risks may not be what an investor would expect. Fraud and corruption are hard to quantify, and because of the lack of transparency it is easy to inflate the problem. In 2002 I worked with colleagues to quantify operational risk carried by companies on the Hong Kong Stock Exchange, in line with Bank for International Settlements standards.

We found that the financial sector has a substantial exposure to fraud risk. But investors in other sectors face other more significant operational risks. For example, Pearl River Delta-based transportation companies more regularly suffer large losses from typhoons and other natural disasters.

It has been my own observation that Chinese government crackdowns on corruption vary widely by location and sector. This should make investors cautious before making broad generalizations on cyclical correlations.

The frequency of blow-ups has likely decreased as a percentage of the population of publicly listed companies, given their sheer growth in number. Indeed, the rise of the accounting profession in China and new corporate controls regimes may also be reducing the level of fraud risk at China's publicly-listed companies. Good due diligence always makes the difference.

James Tunkey
Hong Kong

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Lady Gaga Vs. Mideast Peace

[Global View]

By Bret Stephens

Pop quiz—What does more to galvanize radical anti-American sentiment in the Muslim world: (a) Israeli settlements on the West Bank; or (b) a Lady Gaga music video?

If your answer is (b) it means you probably have a grasp of the historical roots of modern jihadism. If, however, you answered (a), then congratulations: You are perfectly in synch with the new Beltway conventional wisdom, now jointly defined by Pat Buchanan and his strange bedfellows within the Obama administration.

What is that wisdom? In a March 26 column in Human Events, Mr. Buchanan put the case with his usual subtlety:

"Each new report of settlement expansion," he wrote, "each new seizure of Palestinian property, each new West Bank clash between Palestinians and Israeli troops inflames the Arab street, humiliates our Arab allies, exposes America as a weakling that cannot stand up to Israel, and imperils our troops and their mission in Afghanistan and Iraq."

Mr. Buchanan was playing off a story in the Israeli press that Vice President Joe Biden had warned Israeli Prime Minister Benjamin Netanyahu "what you're doing here [in the West Bank] undermines the security of our troops." Also in the mix was a story that Centcom commander David Petraeus had cited Arab-Israeli tensions as the key impediment to wider progress in the region. Both reports were later denied—in Mr. Biden's case, via Rahm Emanuel; in Gen. Petraeus's case, personally and forcefully—but the important point is how eagerly they were believed. If you're of the view that Israel is the root cause of everything that ails the Middle East—think of it as global warming in Hebrew form—then nothing so powerfully makes the case against the Jewish state as a flag-draped American coffin.

Now consider Lady Gaga—or, if you prefer, Madonna, Farrah Fawcett, Marilyn Monroe, Josephine Baker or any other American woman who has, at one time or another, personified what the Egyptian Islamist writer Sayyid Qutb once called "the American Temptress."

Qutb, for those unfamiliar with the name, is widely considered the intellectual godfather of al Qaeda; his 30-volume exegesis "In the Shade of the Quran" is canonical in jihadist circles. But Qutb, who spent time as a student in Colorado in the late 1940s, also decisively shaped jihadist views about the U.S.

In his 1951 essay "The America I Have Seen," Qutb gave his account of the U.S. "in the scale of human values." "I fear," he wrote, "that a balance may not exist between America's material greatness and the quality of her people." Qutb was particularly exercised by what he saw as the "primitiveness" of American values, not least in matters of sex.

"The American girl," he noted, "knows seductiveness lies in the round breasts, the full buttocks, and in the shapely thighs, sleek legs and she shows all this and does not hide it." Nor did he approve of Jazz—"this music the savage bushmen created to satisfy their primitive desires"—or of American films, or clothes, or haircuts, or food. It was all, in his eyes, equally wretched.

Qutb's disdain for America's supposedly libertine culture would not matter much were it not wedded to a kind of theological Leninism that emphasized the necessity of violently overthrowing any political arrangement not based on Shariah law. No less violent was Qutb's attitude toward Jews: "The war the Jews began to wage against Islam and Muslims in those early days [of Islamic history]," he wrote in the 1950s, "has raged to the present. The form and appearance may have changed, but the nature and the means remain the same."

Needless to say, that passage was written long before Israel had "occupied" a single inch of Arab territory, unless one takes the view—held to this day by Hezbollah, Hamas, al Qaeda, Jemaah Islamiyah and every other jihadist group that owes an intellectual debt to Qutb, including significant elements of the "moderate" Palestinian Fatah—that Tel Aviv itself is occupied territory.

Bear in mind, too, that the America Qutb found so offensive had yet to discover Elvis, Playboy, the pill, women's lib, acid tabs, gay rights, Studio 54, Jersey Shore and, of course, Lady Gaga. In other words, even in some dystopic hypothetical world in which hyper-conservatives were to seize power in the U.S. and turn the cultural clock back to 1948, America would still remain a swamp of degeneracy in the eyes of Qutb's latter-day disciples.

This, then, is the core complaint that the Islamists from Waziristan to Tehran to Gaza have lodged against the West. It explains why jihadists remain aggrieved even after the U.S. addressed their previous *casus belli* by removing troops from Saudi Arabia, and why they will continue to remain aggrieved long after we've decamped from Iraq, Afghanistan and even the Persian Gulf. As for Israel, its offenses are literally inextricable: as a democracy, as a Jewish homeland, as a country in which liberalism in all its forms, including cultural, prevails.

Which brings me back to the settlements. There may well be good reasons for Israel to dismantle many of them, assuming that such an act is met with reciprocal and credible Palestinian commitments to suppress terrorism and religious incitement, and accept Israel's legitimacy as a Jewish state. But to imagine that the settlements account for even a fraction of the rage that has inhabited the radical Muslim mind since the days of Qutb is fantasy: The settlements are merely the latest politically convenient cover behind which lies a universe of hatred. If the administration's aim is to appease our enemies, it will get more mileage out of banning Lady Gaga than by applying the screws on Israel. It should go without saying that it ought to do neither.

Write to bstephens@wsj.com

'One Perfect Suit'

[Masterpiece]

By Ann Landi

Minneapolis

In everyday life, the Japanese warrior stood barely 5 feet tall. But when decked out in his resplendent samurai armor, he must have been impressively fierce. From the crest of his helmet, a golden praying mantis waved its spiky forelegs; his scowling painted bronze mask sprouted stiff white whiskers; and his bright blue-and-persimmon battle dress gave him the shoulders of a linebacker. This particular unknown samurai's armor, fashioned early in the 17th century but still in near-mint condition, was recently acquired by the Minneapolis Institute of Arts at a Christie's auction in New York. It's a spectacular example of its kind, well worth its price tag of half a million dollars, according to Matthew Welch, the museum's curator of Japanese and Korean art. At the moment, the armor holds pride of place in the museum's lobby.

Minneapolis Institute of Arts

"The thing I liked about this set," says Mr. Welch, "is that it was created in the early 17th century with the idea that it might do battle. It's really intended to be used, but if you look at the condition, it could have been made yesterday." Small details also delighted the curator: The acorn-shaped helmet, of a type known as *shiinari*, is made of 124 crimps of bronze and leather, instead of the standard 24 or 36; painted tortoises, phoenixes and dragons are exquisite miniatures on medallions fastened on the front and back; and the flexible plates of the skirts and sleeves, made of bronze and leather and hidden by silk ties, are the real thing, not just "strips of material with a serrated edge, so that it looks like it's sewn together," he explains.

The museum has no plans to expand its inventory of samurai armor; this "one perfect suit" will be moved in early April up to the permanent collection of Japanese galleries.

Ms. Landi writes on culture and the arts.

OPINION

The Moral Hazard of Foreign-Exchange Reserves

By Cathy Holcombe

There are many ways to view China's remarkable $2.4 trillion in foreign-exchange reserves—as a symbol of currency manipulation, as a form of leverage over the United States, as a high-risk exposure to the declining American empire. Increasingly, however, the country's massive cache of reserves should come to be seen as a moral hazard issue.

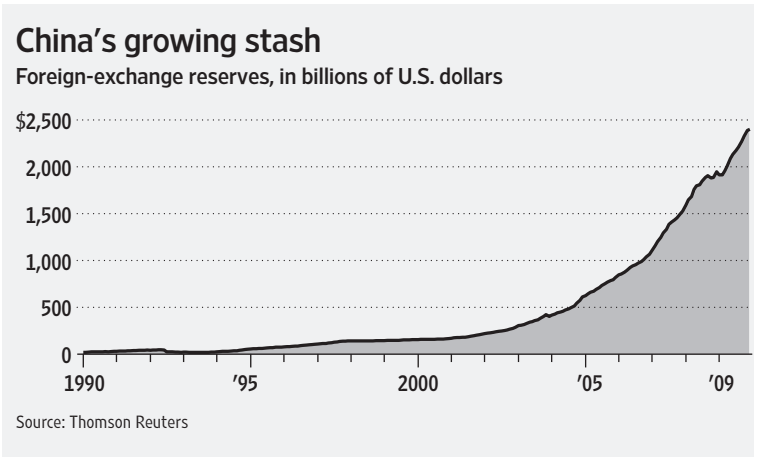
Like other Asian mercantilist economies, China's reserves are far and above recommended levels for protecting against liquidity crises. As they grow bigger, the temptation for the state to spend them for "strategic national interests" will similarly expand. Moreover, special interests will start clamoring for a piece of the pie.

China isn't the only country tempted to dip into the piggy bank.

The problem is that unlike taxpayers' money or shareholders' funds, foreign exchange reserves can seem like "free money" conjured out of a hat by central bankers. There was hardly an eyelash batted, for instance, when China spent $45 billion of foreign-exchange reserves in the early 2000s to mop up nonperforming loans in the banking sector; this despite the fact that the NPLs had basically accumulated because state-owned banks were forced to lend liberally to incompetent state-owned companies. To Beijing's credit, this exercise coincided with a financial reform drive that vastly improved risk-management systems in banks. But a precedent was set.

China's state planners now have a cushion to fall back on—other than taxpayers who might raise a fuss—if some of their policies go awry. Note that it was mostly state-owned banks which distributed funds related to China's stimulus program, and it is widely expected that the 10 trillion yuan ($1.5 trillion) in new credit created last year will lead to a surge in nonperforming loans. While in the West citizens are angry over bank bailouts, if China's recent lending bonanza goes bad, Beijing can take another dip into the foreign-exchange reserves pool to clean up the problem without much threat of a political backlash.

The same is true for China's increasing budget for overseas resources investments. Last year China's nonfinancial overseas direct investment rose some 50%, to roughly $42 billion. Much of this increase was resource- and energy-related; Chinese companies have signed contracts for long-term fuel supply deals worth more $100 billion in the past year. These investments are being made primarily by state-owned enterprises with "natural strategic interests" in mind. They are also in some cases being made in very unstable countries—but if some of these deals blow up, then why not set up a reserves-funded asset management firm to bail them out? After all, these companies are acting on behalf of the nation. It is not a stretch to imagine how



$2.4 trillion in foreign-exchange reserves could raise the nation's risk appetite. China's sovereign wealth fund, the China Investment Corporation, has been funded with $300 billion in foreign-exchange reserves and mandated, among other things, to invest in overseas resources.

There is a demonstration effect on other nations, too. India's oil minister is lobbying for the country to set aside a portion of its $255 billion in foreign-exchange reserves for overseas petroleum purchases. South Korea's finance minister said earlier this month the country would set up a fund to buy resources and thus to protect companies from jumps in input prices. While he did not say how this effort would be funded, ultimately this move is probably part of the domino effect of reserves-recycling into commodities. South Korea has $270 billion in foreign-exchange reserves. Not only is this more than enough to have paid for 10 months of imports last year, but during the post-Lehman run on the Korean won, the country lost only $60 billion in foreign-exchange reserves—and that was a rare, extreme event.

The problem for China in particular is that spending reserves is not a cost-free strategy. State spending is generally less efficient than private-sector spending. Wasteful spending can also be inflationary, and in this case the result would be to drive up commodity prices for other developing nations, causing another source of political resentment against Beijing. After all, on the one hand China's fellow exporting nations are dealing with the competitive pressures of an undervalued yuan—and then on the other hand, China's state is driving up the prices of everyone's inputs with their increasingly aggressive commodities policy.

Supporters might argue that many nations have an excellent history of managing foreign-exchange reserves in a neutral manner—Finland, for example—so why pick on China or other Asian nations? But Finland has large reserves because it is blessed with natural resources. The mercantilist nations in Asia have built up reserves as a means of supporting their export markets. Like any choice, there are winners and losers, upsides and downsides. A competitive currency acts as a subsidy to producers, but it is a tax on consumers. If China did not heavily manage its exchange rate, then the currency would almost certainly be worth more—some say it would be worth 20% to 50% more than it is now. Would these individuals be using their increased purchasing power to bail out Chinese lenders or stockpile energy investments?

Mercantilist strategies have undoubtedly brought sweeping benefits to Asian nations. But they cannot go on forever. In the past few years, there has been growing discussion over the downsides of such policies—the unnatural effect on U.S. interest rates, the overdependence on exports, the trade tensions, the handicap to domestic consumption. Less apparent is the moral-hazard risk, but it is no less a danger. This is especially true in the case of China. With such a huge pile of "free money," bureaucrats and special interests will increasingly clamor for allocations to spend in ways that could ultimately obstruct its goal to reform its banking system and professionalize its corporate culture.

Ms. Holcombe is editor of research at GaveKal, a Hong Kong-based financial services company.

Prime Minister Modi Won't Fly

By Sadanand Dhume

As though by habit, Narendra Modi is once again in the thick of controversy. To his many detractors, the 59-year-old chief minister of the prosperous Western state of Gujarat was finally brought one step closer to justice when he appeared Saturday night before a federal team investigating his alleged complicity in anti-Muslim riots that swept the state eight years ago. To his equally numerous admirers, Mr. Modi once again set himself a higher standard of behavior than the average Indian politician. He answered questions for over five hours without fuss, and said little to the press except to affirm his faith in the constitution and the rule of law.

For India's leftists and liberals, few figures in public life inspire as much loathing as Mr. Modi, the longest serving chief minister of Gujarat and a prominent leader of India's main opposition party, the Hindu-nationalist Bharatiya Janata Party. In February 2002, five months into Mr. Modi's first of three terms as chief minister, a Muslim mob in the town of Godhra burned alive 58 Hindu pilgrims in a train carrying them home from the north Indian temple town of Ayodhya. In the riots that followed, Hindu mobs took their revenge on Muslims across the state. According to official reports, more than 1,000 people died, about three-quarters of them Muslim.

Mr. Modi's critics accuse him of failing to control the mobs at best, and abetting the violence at worst. They also see Mr. Modi as the quintessential autocrat—he has quashed dissent within the state unit of the BJP and tends to govern directly through a loyal cadre of professional civil servants. The masks in his likeness popular among the chief minister's supporters at election time point toward a thriving cult of personality. That Mr. Modi has not cared to apologize for the riots that took place on his watch, the worst in India in nearly 20 years, epitomizes his disregard for criticism.

By contrast, for Hindu nationalists and the right in general, Mr. Modi is obvious prime ministerial material. He stands for an assertive Hindu identity that feels no need to be apologetic about the faith of more than four out of five Indians. He traces the root cause of terrorism not to poverty and discrimination—real or imagined—but, as the evidence of Indian software professionals and engineers signing up for jihad underscores, on an ideology that glorifies violence and seeks world domination.

In an era when politicians have themselves garlanded with tens of thousands of dollars worth of currency bills and build business empires while in office, Mr. Modi is frugal to the point of austerity (notwithstanding a weakness for rimless Bulgari glasses). He runs the only major Indian state to have earned a reputation for being both pro-business and largely corruption free. Nor was power handed down to him like a family heirloom, in the tradition of most Indian political parties. Indeed, Mr. Modi's story carries in it the promise of democracy for all those not to the manor born: Before he entered public life, Mr. Modi helped manage his brother's tea stall.

Despite heading arguably India's best run state, Gujarat's chief minister should shelve his ambition to lead the country.

But it is as an administrator that Mr. Modi has earned his reputation. Over the past eight years, Gujarat's GDP has grown at a tigerish double digit rate. The state is bursting with malls and multiplexes, freshly surfaced roads and private ports. Outside Ahmedabad a new city, Gujarat International Finance Tec-City (GIFT), is rising as a thinly veiled threat to India's hopelessly misgoverned financial capital, Mumbai, in neighboring Maharashtra. Even in the hinterland of Gujarat, power cuts come only rarely.

In 2008, when political protests stymied production of the world's cheapest car, the Tata Nano, in Communist-ruled West Bengal, Mr. Modi quickly stepped in and stole the project for his state. Only in Gujarat could a chief minister's declared ambition to turn his state into another South Korea not appear entirely preposterous.

Needless to say, Mr. Modi's achievements have not gone unnoticed. Ratan Tata has lavished praise on his leadership, and his fellow industrialists Anil Ambani and Sunil Mittal have spoken of him as a potential prime minister. Earlier this month, Nitin Gadkari, the new president of the BJP, said much the same, though national elections are not due until 2014.

Nonetheless, for all his vaunted probity and administrative skills, Mr. Modi is the wrong choice both for the BJP and for India. At some level his association with the Gujarat riots—regardless of the conclusion of the federal team investigating his role—tars him for life. Under his leadership the BJP cannot hope to shed its reputation for extremism and emerge as a mainstream conservative alternative to the left-leaning Congress.

On a more practical note, in an era of coalition politics the party will find it difficult to attract allies willing to be associated with Mr. Modi's anti-Muslim image. Put simply, a country where nearly one in five citizens belongs to a religious minority cannot afford to be led by someone who appears to believe that only Hindus can be authentically Indian.

Finally, as India integrates into the global economy and reaches for an international role commensurate with its size, the last thing it needs is a question mark over its reputation as an oasis of secular democracy in a tough neighborhood. In 2005, the United States refused Mr. Modi a visa for alleged violation of religious freedom.

To be sure, the country ought to wish for more politicians who come from common stock, set high standards of honesty, and recognize that business, not government, holds the key to erasing poverty. But in a nation of a billion people it's hardly too much to ask that such leaders also be free of even the slightest hint of blood on their hands.

Mr. Dhume, the author of "My Friend the Fanatic" (Skyhorse Publishing, 2009), is a columnist for WSJ.com.

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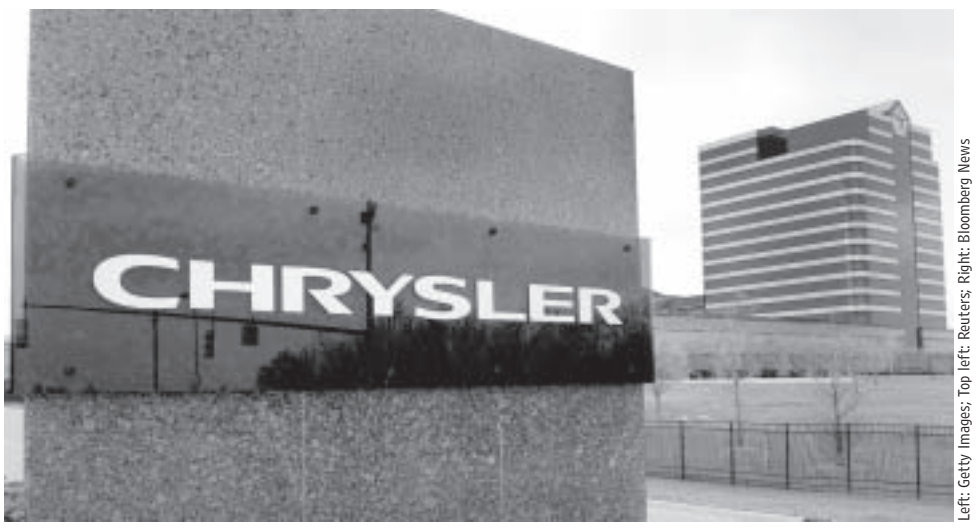
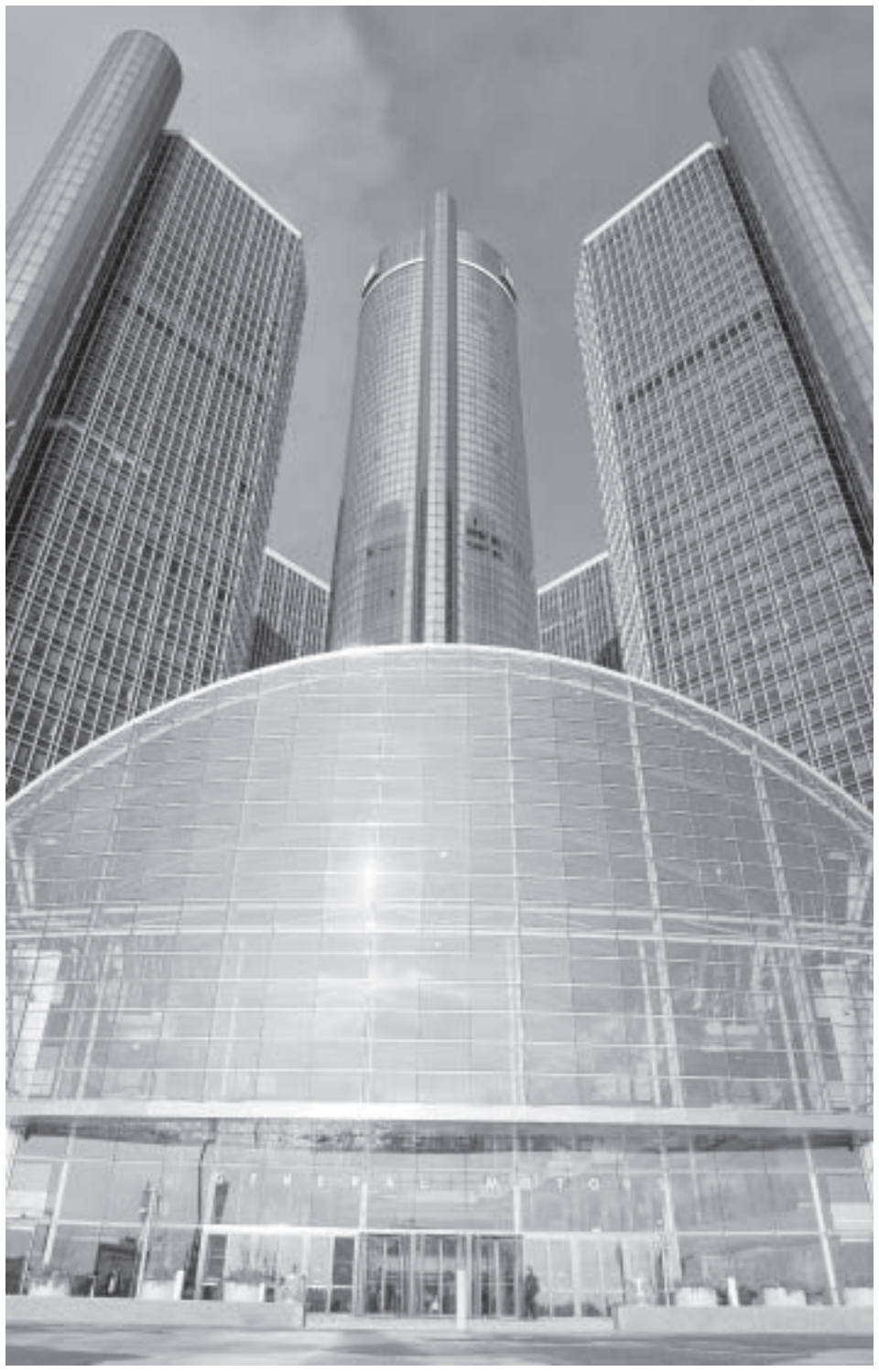




Left: Getty Images; Top left: Reuters; Right: Bloomberg News

Robert Benmosche commutes to American International Group's headquarters in New York, top left, from his home in Florida; Edward Whitacre, has a condo near General Motors' Detroit headquarters, right; Sergio Marchionne splits his time between Italy and Chrysler's Auburn Hills, Mich., headquarters, bottom left.

Where's the boss? Executives at rescued firms live far away

Absentee CEOs spend a lot of time on the road or working remotely; tax implications for AIG's Benmosche

By Dan Fitzpatrick And Serena Ng

The chief executives of some of the U.S.'s most troubled companies—those bailed out by the U.S. government—don't report to work many days at corporate headquarters. They live too far away.

Robert Benmosche, chief executive of Manhattan-based **American International Group**, is a resident of Florida. Michael Carpenter, chief of **GMAC Financial Services**, in the Motor City, lives most of the year in Greenwich, Conn., and prefers to work in New York. And Sergio Marchionne, the **Fiat** SpA chief who last year also assumed the CEO role of **Chrysler** Group LLC, divides his time between Italy and Detroit.

The flexibility to live hundreds of miles from the office has emerged as a key perk in the bailout era. In part due to public scrutiny, companies that received U.S. assistance have cut compensation and curbed other traditional benefits such as country-club memberships, private security and personal use of corporate jets. Remote living and working arrangements are among the best things the companies can offer for posts that are fraught with political risk.

Since becoming chief executive of AIG last summer, Mr. Benmosche has maintained a head-spinning travel schedule that has kept him away from the government-controlled insurer's downtown Manhattan headquarters for at least half of his working hours. The 65-year-old remains a resident of Florida, a state that doesn't impose personal income tax, and he has no intention of changing his residency, according to a person familiar with his thinking.

GMAC's Mr. Carpenter gets to the company's Detroit headquarters about once a month. Chrysler's Mr. Marchionne spends more than half of his time at Chrysler's headquarters, and he owns a condo outside Detroit. Edward Whitacre, head of **General Motors** Co., resides in San Antonio, but keeps an apartment near GM headquarters in Detroit, where he works most of the time.

Bailed-out companies, of course, aren't the first or only ones to be run by absentee CEOs. When Starwood Hotels & Resorts Worldwide Inc. was run by Steven Heyer from 2004 to 2007, the company set up an Atlanta office for the CEO because he didn't want to relocate to its headquarters in White Plains, N.Y.

The management challenges associated with turning around the current crop of troubled firms are especially daunting.

Management experts disagree over whether an extreme commute is harmful. Some say a CEO needs to travel extensively to run a far-flung enterprise, and technology allows the boss to connect to headquarters at any hour. "Where the residence is doesn't have a whole lot of meaning," says Roger Brunswick, managing partner or New York leadership-advisory firm Hayes Brunswick & Partners.

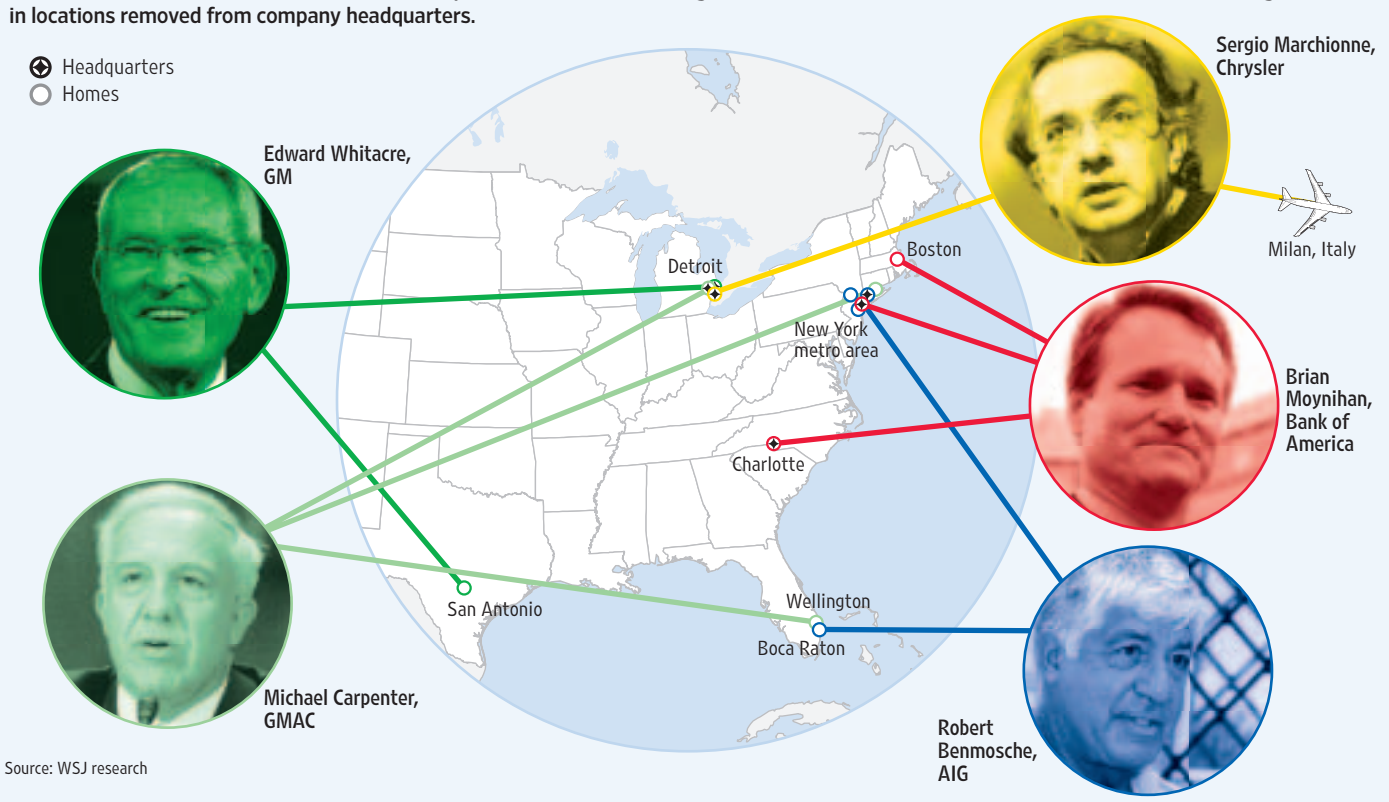
But CEOs who travel frequently may have less time to connect in person with other top executives and rank-and-file employees. There is the additional danger of hurting employee morale, says organizational psychologist Ben Dattner, founding principal of Dattner Consulting LLC. "It's a little bit like the general being based in a comfortable location while the troops are on the front lines," he says.

At **Bank of America** Corp., which recently exited from the federal government's Troubled Asset Relief Program, newly appointed CEO Brian Moynihan has three offices. He put up family photos at the bank's Charlotte, N.C., headquarters, and he keeps space in downtown Boston, a short drive from his home in Wellesley, Mass.

Mr. Moynihan also intends to spend more time working from Midtown Manhattan, where the company is completing work on a new building and new executive floor that will house the new CEO when he is in town. The seating chart for the 50th-floor lists an office as belonging to "Brian

Remote control

It's been hard to attract chief executives to companies that have received government bailouts. Boards at GMAC, GM and AIG are letting them live in locations removed from company headquarters.



Source: WSJ research

Getty Images

Bank of America's CEO Brian Moynihan maintains three offices, including one at the company's Charlotte, N.C., headquarters, above.

Moynihan/visitor."

Frequent CEO absences can generate anxiety about the security of the headquarters city. During Mr. Moynihan's first few months on the job, he spent considerable time away from Charlotte, traveling to New York and Washington. That prompted open speculation inside the company about whether the headquarters could gravitate to the Northeast, say people close to the company.

The 50-year-old doesn't want to move his wife and children, says one person familiar with his thinking. He recently started renting an apartment in downtown Charlotte to use when he is in town. Publicly, he has ducked the question of whether he will move permanently to Charlotte, where between 10,000 and 15,000 of the company's employees are based.

Mr. Moynihan declined to comment. A Bank of America spokesman said many senior executives, including its CEO, "spend a great deal of time away from home and from their assigned offices." Employees and customers "around the globe appreciate the direct contact. It's the modern-day version of the age-old practice of management by walking around."

People close to Mr. Moynihan say the work on the New York office doesn't mean Charlotte will lose its designation as the bank's home. They note that his universal office phone number will carry the Charlotte area code.

At GMAC, the movements of former CEO Alvaro de Molina caused some confusion about the company's true home.

Mr. de Molina explored moving the firm's headquarters from Detroit to Charlotte, where he lived, and added hundreds of employees there as he recruited heavily from Bank of America. He also signed a deal to plaster the name of GMAC's Ally Bank subsidiary on a Charlotte skyscraper.

The move raised tension inside the company even after Mr. de Molina assured Michigan Gov. Jennifer Granholm that Detroit would remain GMAC's home, say people familiar with the situation. Mr. de Molina was ousted by directors in November, and Mr. Carpenter canceled a public unveiling of the new Charlotte office space in December, worried it wouldn't sit well given GMAC's receipt of about $16 billion in federal bailout funds.

A GMAC spokeswoman says current CEO Mr. Carpenter's arrangement, in which he frequently works from New York, is not unusual. Three of the previous four CEOs have been based in New York, she says. GMAC employs 300 in the New York area and 1,300 in Detroit, out of a total of 18,800.

At AIG, Mr. Benmosche was readying a plan early this year to relocate his personal office to a skyscraper in Jersey City, N.J., which houses some of the insurer's back-office functions, according to people familiar with the matter. Most of AIG's top executives would have remained at the company's lower Manhattan headquarters, even though AIG last year sold its 66-story building at 70 Pine St.

Mr. Benmosche is known within AIG for his hands-on style, and he frequently meets with employees in locales such as Houston, Los Angeles and London. He wanted to move his office across the Hudson River in part because it was closer to the New Jersey airports he frequently uses, and because working in New Jersey could help him stay outside New York on certain days, people familiar with the matter say. The CEO has homes in Suffern, N.Y., and Boca Raton, Fla., where he has been a resident since 2006, and he owns a property and vineyard in Croatia.

If Mr. Benmosche is physically present in New York for more than 183 days during a year, his world-wide income would be subject to New York taxes. Mr. Benmosche has the highest pay package—valued at up to $10.5 million annually—among bailed-out U.S. companies that fall under the jurisdiction of the U.S. pay czar.

The Jersey City plan, in development through February, was viewed negatively by several AIG insiders who were concerned about splitting the management team across two locations, according to people familiar with the matter. In March, the planned move was scrapped by AIG's chief administrative officer.

An AIG spokesman says the company "is in the midst of reviewing its space needs in light of its sale of 70 Pine St. and the need to relocate employees from it by year's end."

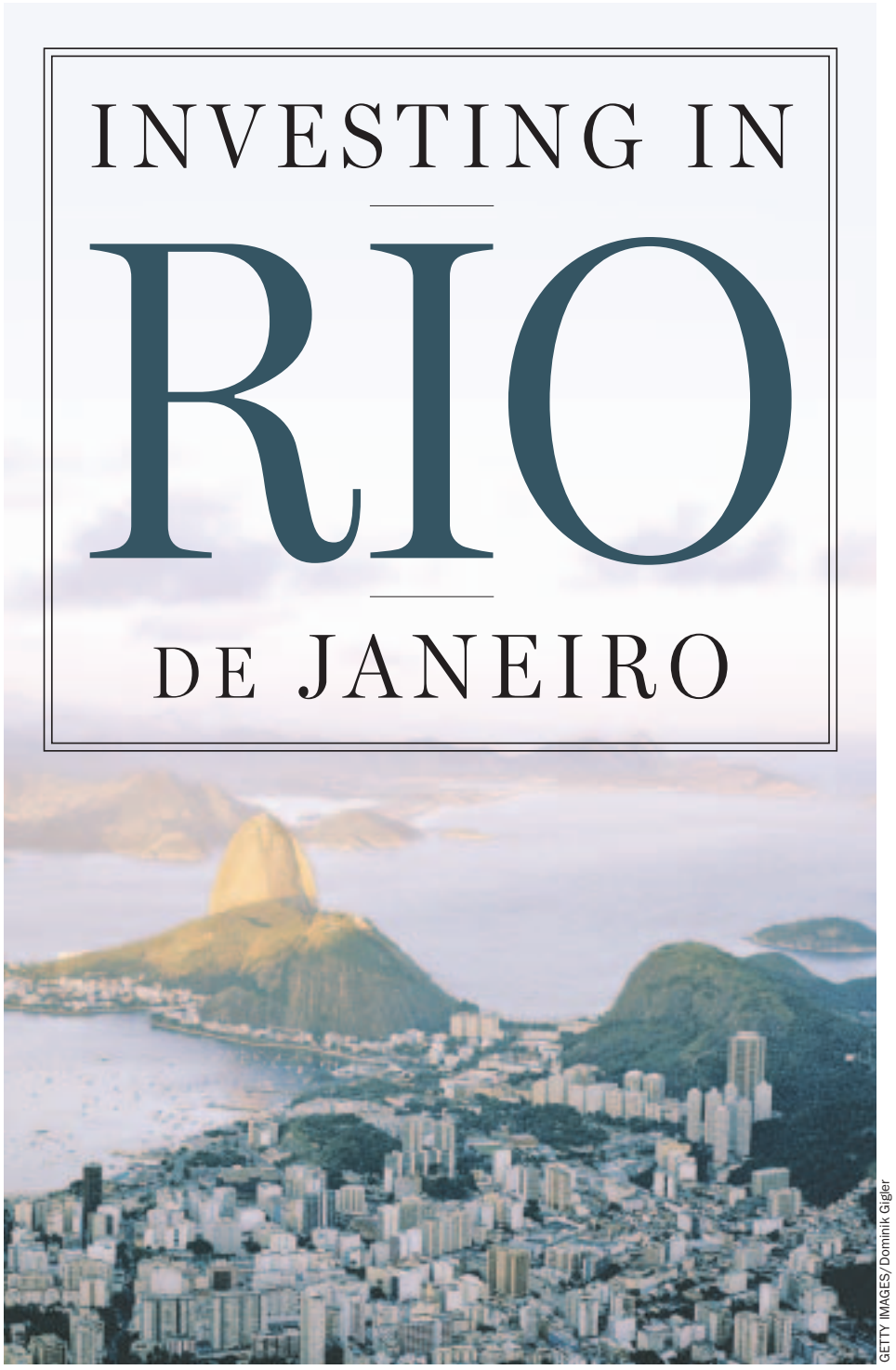
He added that while "a comprehensive study has only recently begun, AIG intends to maintain its corporate headquarters in lower Manhattan."

—David Enrich, Sharon Terlep, Kate Linebaugh and Matt Dolan contributed to this article.

Chief executives often travel for their jobs. But frequent CEO absences coupled with an out-of-state residence can generate anxiety about the security of the headquarters city. Some employees wonder whether the company's base will gravitate closer to the chief's home. City and state government officials sometimes worry about tax bases.

Special Advertising Section

Burgeoning city poised to be a magnet for foreign funds



GETTY IMAGES/Dominik Gigler

Long the entry point into Brazil for foreign tourists, and famous for the beauty of its beaches, music and vibrant people, Rio de Janeiro is now positioning itself as the main gateway for foreign investment in the world's ninth largest economy, and preparing for the global spotlight of the soccer World Cup in 2014 and the Olympic Games in 2016.

Rio, which was Brazil's capital until 50 years ago when Brasilia took over, went through a kind of existential crisis which lasted for three to four decades, says Mayor Eduardo Paes. "But now the city is getting back on course. These are very special times for Brazil and for Rio."

According to data compiled by Firjan, Rio's industry federation, the state of Rio de Janeiro is expected to receive $60 billion in public and private sector investment between 2010 and 2012, up from around $50 billion in 2008-2010, which represents nearly a quarter of all investment in Brazil between 2010 and 2012.

Rio suffered decades of neglect following the move of the nation's capital to Brasilia in 1960, when the city went into economic decline and suffered from the unchecked spread of organized crime.

But the federal government of President Luiz Inácio Lula da Silva, the regional government of Gov. Sérgio Cabral, and the municipal government of Mayor Paes, have been making a concerted effort to crack down on crime and to clean up and revitalize the state that is Brazil's calling card to the world.

Closely connected

Rio de Janeiro is home to Brazil's largest oil company, Petrobras, to global mining giant Vale and to the country's largest telecommunications carrier, Oi. "Oi has been closely connected to Rio de Janeiro throughout its history," says Otávio Azevedo, Oi's chairman. "When the company was established, it chose to have its headquarters in Rio, although it had licenses in 15 other states. And the headquarters remains here, even after expanding our operations to all 27 states of Brazil."

"Rio is the emblem of Brazil, and most of our television commercials are set in Rio, not just because it is a wonderful city but because it is also the heart of Brazil," says Luca Luciani, CEO of the Brazilian unit of Italian cellular company Telecom Italia Mobile, or TIM, which is based in Rio.

Rio is also benefiting from the solid economic performance of Brazil in recent years. In 2009, despite the world economic crisis, gross domestic product declined just 0.2%, and from 2010 to 2014 the Rio-based Brazilian state development bank, BNDES, expects average annual growth of 5%, with total investment in the economy rising to 21.2% of GDP in 2012 from 16.4% in 2006.

And according to a January survey of global executives by A.T. Kearney, Brazil rose to number four from number six in the 2007 ranking of the most attractive destinations for foreign direct investment.

While the fields off the Rio coast already produce over 80% of Brazil's oil and 50% of its gas, a new wave of investments in the energy sector is being triggered by the so-called "pre-salt" discoveries which began in 2007. These are massive reserves of offshore oil and gas buried under a thick layer of salt, which will at least double Brazil's current proven reserves of 14 billion barrels of oil equivalent.

> *"Rio de Janeiro is the place where the key decisions regarding the oil and gas market in Brazil are taken."*

About 60% of these fields lie in waters off the coast of Rio, and the city is poised to become the administrative center for the offshore industry. State-owned oil giant Petrobras, which is based in Rio, will operate all new pre-salt discoveries.

A major investor

"Rio de Janeiro is the place where the key decisions regarding the oil and gas market in Brazil are taken," says Nelson Silva, president of Rio-based BG Brasil, a unit of U.K. gas company BG Group. "Being in Rio means that you are close to the key decision-makers within the industry." The company, which has invested $5 billion in Brazil since 1999, plans to invest another $20 billion here in the next 10 years.

These investments in exploration and production are being accompanied by increased spending by companies that supply the oil and gas sector with products and services.

"We expect a surge in activity over the next four to five years," says Tor Helgeland, CEO of Swire Oilfield Services, a

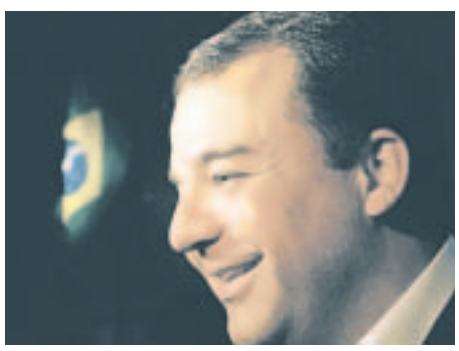
Continued on following page

A state replete with energy, creativity and culture looks to build on these foundations

Rio de Janeiro is Brazil's third-smallest state but it is responsible for the second-highest contribution to the nation's gross domestic product. State Governor **Sérgio Cabral** talked to Mark Beresford about the qualities that have led to this success and that are attracting foreign businesses to the region.

Q: Why did Rio grow more slowly than the rest of Brazil for much of the recent past?
A: From 1982 to 2006, Rio de Janeiro lost ground to the rest of Brazil — it lost federal resources, it suffered from unorganized land occupation [the favelas, areas of Rio, often on hills, settled illegally by underprivileged Brazilians] and violence increased. But for the last three years we have been changing the situation. Rio was a precious stone that needed to be polished, and we are doing the polishing.

Q: Why is growth now improving?
A: Mainly because of the combined action of the federal, state and municipal governments. This integration of the three spheres has helped Rio to reverse the



Rio de Janeiro Sate Governor, Sérgio Cabral

model that was prevalent for 24 years. Rio de Janeiro has gone from the 18th out of 27 states in terms of receiving federal resources to the one that receives the most. We now have a massive schedule of investments from the public and private sectors [$60 billion expected by Rio industry federation Firjan, between 2010 and 2012].

Q: Why should a foreign investor choose Rio rather than São Paulo?
A: Things are changing and we now have significant amounts of foreign investment in Rio, from China, from Europe, from the U.S. The Brazilian state where there is the most French investment is not São Paulo anymore, it is Rio de Janeiro.

When the Lloyd's of London Chairman Lord Peter Levene had to decide between Rio de Janeiro and São Paulo for his headquarters, he chose Rio, because the insurance regulator is here, the Instituto de Resseguros do Brasil [the former reinsurance monopoly] is here and because Rio is a city that is business friendly and has favorable legislation. And every day we are making more progress in improving security.

Q: What is more important for the economy of Rio, the World Cup, the Olympic Games or the pre-salt oil discoveries?
A: They all complete and complement each other. It is like asking an American if it was more important for Atlanta to host the Olympic Games or the Coca-Cola Company. The state of Rio has an incomparable natural beauty, but at the same time it possesses a significant industrial infrastructure, including petrochemicals, car manufacturing and steelmaking. The infrastructure area is also focused on oil and gas, and the shipbuilding industry, where Rio is the leader: The demand from the pre-salt industry [which serves the demands created by the discovery of oil buried under a thick layer of salt] is enormous.

Q: Rio does not produce many commodities apart from oil and gas. How can the state benefit from Brazil's leading global position in many other commodities?
A: We are most interested in adding value to commodities. We don't produce iron ore, but we do have steelmaking. We don't produce large quantities of food, but we have food industries. The state of Rio doesn't produce commodities, but it has intelligence, creativity and culture.

And although Rio is the third-smallest state in Brazil, it has the second-highest GDP at 13% of the national GDP. And 70% of Brazilian GDP [$1.8 trillion in 2009] is produced near the state of Rio. So Rio is the state for logistics in Brazil, and there is a massive amount of investment in infrastructure going on [Firjan estimates $13.6 billion between 2010 and 2012].

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OGX — Ticker: OGXP3

MPX — Ticker: MPXE3

LLX — Ticker: LLXL3

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REUTERS/Sergio Moraes

Rio de Janeiro's successful bid to host the 2016 Olympic Games has created significant opportunities for foreign investors.

Preparation for Olympic Games presents array of opportunities for foreign capital

The wildly celebrated success of Rio de Janeiro's $14.4 billion bid for the 2016 Olympic Games has fired the starting gun for a massive infrastructure program that is set to transform the city and create significant opportunities for foreign investors.

"Our infrastructure in Rio is not ideal, and we need foreign capital here," Eduardo Eugênio Gouvêa Vieira, president of Firjan, Rio's industry federation, says. "But foreign capital also needs Brazil to find higher returns — it is easy to get a return on investment here."

"The reality is that everything is still required: infrastructure, residential developments, hospitality, transport, and public venues, but it will all get done by 2016," says Thomas McDonald, chief strategic officer of Chicago-based private equity firm Equity International. "We fully expect to be involved in the World Cup and Olympics."

The soccer World Cup of 2014, which will be held across Brazil, but with many games and the final played in Rio's legendary Maracana Stadium, has also triggered investments in transport and other infrastructure. The Maracana itself is being upgraded at a cost of at least $240 million.

The state national development bank, Rio-based BNDES, has opened a credit line of about $600 million for the construction and modernization of hotels. The most environmentally sustainable hotels will have up to 18 years to repay the loan.

Iconic hotels

In Rio itself, foreign hotel brands are already seeing the opportunities. Starwood from White Plains, N.Y., the owner of the Sheraton hotel brand, owns an iconic hotel in Rio, the only large hotel to be right on the beach in the city, and is exploring opportunities for other brands, such as its W boutique hotels.

REUTERS/Ho New

The 2014 soccer World Cup final will be played at Rio's famous Maracana Stadium.

"There are 19,000 hotel rooms in the Rio market, of which 60% are over 25 years old, and 60% are independent, unaffiliated hotels," says Ricardo Suarez, vice president of acquisitions and development for Starwood Latin America. "This combination of aging hotels and local supply points to major opportunities for brands like ours.

> *"The world spotlight will be on Rio and the infrastructure improvements will really help the city."*

"In the coming years, Rio is going to be very important for international travelers, who like their brands," Mr. Suarez adds. "The world spotlight will be on Rio and the infrastructure improvements will really help the city."

In addition to investments in new hotels, and sporting arenas, stadiums, and media centers, it is the improvements to transport infrastructure that may be one of the most important legacies of the Olympic Games.

Transport expansion

Three Bus Rapid Transit lines will be constructed for the games at a cost of $1.5 billion, linking far-flung regions of the metropolitan area to the center of the city for the first time. And work will begin this year on extending the city's subway network from the fashionable southern area to the middle-class suburb of Barra da Tijuca where many of the events will be held, at an estimated cost of around $2.8 billion.

Meanwhile, Rio's international airport is undergoing improvements and, by the time of the Olympic Games, it could be operated by a private company, although this depends on the federal government.

"We think the airport needs a deeper solution than just improving its physical infrastructure," Regis Fichtner, the chief secretary of the state of Rio de Janeiro says. "The problem is not just physical. Services have to improve, and we think that in the hands of a private company services would be much better."

At the end of April, a delegation of U.S. companies will visit Rio to discuss investment opportunities involving the Olympics in a series of meetings organized by the U.S. Department of Commerce and the U.S. consulate in Rio.

"Events like the Olympic Games will be a landmark in the history of Rio de Janeiro," Robson Barreto, president of the American Chamber of Commerce in Rio, says. "There is now a historic opportunity for Rio to leverage the Games to attract Brazilian and international investment."

Burgeoning city poised to be a magnet for foreign funds

Continued from previous page

U.K.-based company which serves the logistical needs of the offshore energy sector and which in March announced a $50 million to $70 million investment in Rio. "The pre-salt discoveries will only add to the dimension of this growing market — there is going to be a huge fleet of vessels to serve."

And although investments in energy and infrastructure make up for the bulk of current spending in Rio state, the city itself is now seizing opportunities to attract investment in new service sectors.

"Rio is the center of culture in Brazil. Although it was difficult for Rio to find its way in the industrial world, the city has the best-educated work force in Brazil, and it has very strong connections with new economic sectors such as media, fashion, telecoms and cinema," says Mayor Paes. According to Firjan, fashion and television productions generate 18% of the state's GDP.

While São Paulo remains the financial center of Brazil, the regional government of Rio has also made a priority of turning the city into the national center for niche financial services, such as reinsurance. The $2 billion Brazilian reinsurance market was liberalized in 2008 allowing foreign reinsurers into Brazil, and the former monopoly provider and the industry regulator are based in Rio.

British insurance exchange Lloyds opened its Brazilian headquarters in downtown Rio last year. Six insurance syndicates currently operate out of the Lloyds office, and Marco Antonio de Simas Castro, the managing director, expects to end the year with eight, and with 10 to 15 syndicates in the next five years.

"With all the investments expected in the Olympic Games, the World Cup, and in oil, there is going to be a high volume of needs for insurance and reinsurance, which means major opportunities for the syndicates and for Lloyds to develop here," Mr. Castro says.

Consumer sectors

The economic expansion of Rio is also opening new opportunities for investment in consumer sectors. According to Rio-based think tank Fundação Getulio Vargas, the middle class, known in Brazil as Class C, increased by over 25 million people between 2003 and 2008, and now represents over 49% of the Brazilian population.

Chicago-based private equity firm Equity International, founded by real estate billionaire Sam Zell, is making a strong play for these new consumers, especially in Rio. BR Malls, Brazil's largest retail property company, in which Equity International has a 14.9% stake, is headquartered in Rio, and Rio is its biggest market in terms of gross leasable area and revenue. BR Malls owns both the high-end Fashion Mall and the Norte-Shopping mall in the poorer north of the city, and is currently expanding this mall.

"We have a portfolio that is well diversified in terms of geography and market segments, serving Class C and D as well as Class A and B," says Thomas McDonald, chief strategic officer of Equity International, who sits on the BR Malls board, "and that is particularly true in Rio."

Special Advertising Section

GETTY IMAGES/SambaPhoto/Cassio Vasconcellos

Modernization of the region's ports creates export centers

Development of city's port area is the centerpiece of local government's urban regeneration program

The tropical coastline of the state of Rio de Janeiro has made this geographically small part of Brazil celebrated across the world.

Investments in modernizing and constructing ports across the coast are now transforming the region into a major logistical and export center. Rio is home to what is the largest infrastructure project anywhere in the Americas, the $2.4 billion "super port" of Açu in the north of the state, as well as the $1 billion Porto Sudeste project in Sepetiba Bay in the southwest.

Meanwhile, the modernization of the city of Rio's port area forms the centerpiece of the municipal government's plans for urban regeneration.

As world demand grows for Brazilian products such as iron ore, ethanol, soy, sugar, orange juice, coffee, beef and poultry, the port investments aim to leverage Rio's strategic location close to the main production centers of Brazil, making it cheaper and quicker for Brazilian exports to access world markets.

"Rio de Janeiro has the best infrastructure for its size of any state in Brazil," says Eduardo Eugênio Gouvêa Vieira, president of Firjan, Rio's industry federation. "Ports are being constructed and expanded all along the Rio coast, and at these ports value is also being added to Brazilian exports, such as using Brazilian iron ore to make steel," he adds.

One of the main industrial clusters in Brazil for the export of iron and steel is developing around the area of Sepetiba Bay, on the coast, some 50 miles to the southwest of the city of Rio.

Here, the largest foreign investment in Brazil, the €5.2 billion ($7.1 billion) stainless steel plant and port being constructed by ThyssenKrupp of Germany, is nearing completion. About 20,000 people are currently working on the site, which will employ 3,500 workers when finished. It will produce five million tons of steel a year.

Starting in mid-2010, ThyssenKrupp will transport iron ore from the interior of Brazil to the plant by rail, and then turn it into steel for shipping to Europe and the U.S.

Although Rio de Janeiro state has no major iron ore deposits of its own, it provides the best access to the sea by land-locked Minas Gerais, which is the fourth largest state and the richest in mineral deposits.

And to serve independent iron ore producers in Minas Gerais, who don't have access to the private ports of the steel companies such as ThyssenKrupp, Rio-based LLX Logística is investing $1 billion in its Porto Sudeste complex in the bay, which will start operations in the second half of next year.

"We are eliminating a bottleneck in the Brazilian logistical system that meant that this iron ore can't be exported," LLX CEO Otávio Lascano says. The port's export capacity may be expanded to 100 million tons, he adds.

GETTY IMAGES/SambaPhoto/Paulo Fridman

Rio's port investments will make it cheaper and quicker for Brazilian products to access world markets.

And in the state capital, the redevelopment of the downtown port is one of the main symbols for the regeneration of the city.

In addition to improving road access to the city port, and to dredging Guanabara Bay and expanding terminals, which will enable more and larger ships to use the port, the municipal and federal government are currently investing $200 million in revitalizing the rundown port area, inspired by the examples of cities such as Barcelona, San Franciso and Buenos Aires.

In the first phase of the project, a 323,000-square-foot leisure area composed of kiosks, restaurants, and open air spaces is already being constructed on one of the port's piers. A museum and an aquarium will follow on the harbor front.

"Rio de Janeiro has the best infrastructure for its size of any state in Brazil."

The second phase, which is due to start later this year, will consist of major infrastructure and real estate projects, including new roads, tunnels, tram lines, residential real estate and commercial buildings up to 50 stories high. Some $1.7 billion of investment is expected in this stage.

The regeneration of the port is expected to be complete by 2016, when the revitalized area will serve during the Olympic Games as a venue, as port of entry and as a place to stay for tourists.

"The urban recovery of the port area is one of the main priorities of this government," says Mayor Eduardo Paes. "It's in an excellent location in Rio and is becoming the new frontier for businesses and residents."

Some major investors are already contemplating a move to the port area. "It's a very historical but run-down area, and moving there would contribute to the regeneration of the city," says Luca Luciani, CEO of Telecom Italia Mobile Brazil. "It would also make business sense for us to transfer our people and services there — it is good value and close to the airport."

The text of this Special Advertising Section was written by Mark Beresford.

Porto do Açu is shaping up to become a major shipping point and logistical hub

A LITTLE over an hour's helicopter ride north of the city of Rio de Janeiro, an area that is one-and-a-half times the size of Manhattan Island is being readied to become the logistical center not just of Rio state, but for the entire southeast of Brazil.

"The Porto do Açu has the potential to be the most important port in the Southern Hemisphere," says Eliezer Batista, the 85-year-old honorary chairman of the port's developer, Rio-based LLX Logística, and the man who in the 1960s first developed modern bulk shipping routes between Brazil and Asia. "It is going to be an industrial center like the port of Rotterdam."

The first construction works at Açu — which started in October 2007 — are nearly complete: The 1.8-mile access bridge — which will hold berths for up to 10 bulk-cargo and container ships — is now finished, and dredging is under way to deepen the channel to the port to 69 feet.

Initial shipments

Açu is on course to be ready to make its initial shipments in the first half of 2012, providing a low-cost, deepwater alternative to the crowded public-sector ports in Brazil's cities.

But there is much more to this project than just the seaport: an area of 34.7 square miles around the port is going to be developed into an industrial complex integrated with road and rail links, which could attract over $36 billion in investments by 2025. That represents the biggest potential value, not just in Brazil but anywhere in the Americas.

Already, the Açu port has sealed what will be the biggest investment by a Chinese company in Brazil, a $5 billion steel mill to be built by the Wuhan Iron and Steel Group, the world's fifth largest steelmaker, with an initial annual output of five million tons.

"We are transforming Açu into the port of entry of Brazil for Chinese companies," Otávio Lascano, the CEO of LLX, says. "We think this is the start of a strategic alliance with China."

Iron ore plant

In addition to Wuhan, the other anchor client at Açu is U.K. mining giant Anglo American. It is constructing an iron ore plant at the port, using slurry transported by a 326-mile pipeline from mines in Minas Gerais, and will export up to 80 million tons a year starting 2012.

In total, LLX has over 60 memorandums of understanding with companies interested in setting up operations at Açu.

Low tax rates (sales tax is 2% compared with 18% elsewhere in Brazil), cheap electricity from a coal-powered electricity plant that will be constructed at the site (around 30% cheaper because there is no need to pay for transmission), and fast and easy access to the open sea have led to agreements with São Paulo-based cement companies Camargo Corrêa and Votorantim and Paris-based Lafarge, international oil companies including Shell, and other undisclosed companies, especially in the metals sector.

"At first, people didn't believe us, they thought we were dreaming," says Mr. Batista, "but now they can see that it is a realistic and practical project, and the best way of resolving the logistical problems of Brazil."

FROM PAGE ONE

Technical glitch disrupts Google in China

Continued from first page
triggered by a change on Google's part." The spokeswoman added: "We are currently looking at how to resolve this issue."

The episode and users' reactions within China illustrates the precariousness of Google's position in the country after it stopped operating its self-censored Chinese search site on March 22, and provides a preview of how a complete or partial blockage could look.

Last week, Google stopped operating its self-censored Chinese search site and began redirecting China-based users to the Hong Kong site, which Google doesn't censor.

That site returned error messages for users based in China on Tuesday. Searches from China on Google's main global site, Google.com, also returned error messages for many users.

The disruption shed light on the role of China's Internet censorship regime in filtering results for China-based users. The system is opaque and unpredictable, and officials almost never discuss its workings.

Wang Lijian, a spokesman for the Ministry of Industry and Information Technology, one of China's main Internet regulators, said he was unaware of any disruption.

Any permanent blockage of Google's China searches by the government would deal a severe blow to the company's hopes that it can continue to operate part of its business in the country after dismantling its censored Chinese site.

Google said last week that it hoped to maintain its music search and maps services, along with sales and research-and-development operations.

As of late Tuesday, the map and music services were still at least partly usable in Beijing. Google products based outside China, including Gmail and Google Talk, were still accessible within China.

Beijing has expressed clear anger at Google for publicly flouting the government's censorship regime, and a decision to block access to Google entirely has always been considered possible.

But there has been no evidence of official retaliation. Many analysts have believed Beijing would stop short of that for fear of infuriating Google's tens of millions of regular Chinese users, not to mention foreign businesses that require access to information.

Users from around China began noticing the new problems starting around 5 p.m. local time. Some seemed resigned to the change, others angry.

"So annoying!!!" wrote one, under the name Bi Zhao, in an online post.

"It's terrible! I want to go out to the street and protest immediately! This will make many people angry," said another loyal Google user, a 45-year-old photographer from Beijing who uses the professional name Long Shu.

Tuesday is "darkest day in the history of Chinese Internet," he said in a telephone interview. "This is a huge setback for China. To be excluded from mainstream society in the outside world makes me ... despair for China's future."

The Great Firewall is actually a collection of technological tools to prevent Chinese users from seeing foreign Internet content that the government doesn't like. It blocks some sites entirely and disrupts connections to others that contain pages with sensitive terms.

Because Google censored its old Chinese site, Google.cn, in accordance with government rules, that site wasn't filtered by the Great Firewall.

Google said its mobile services in China were being partially blocked, but it wasn't clear how extensive it was, or that the Chinese government was behind it.

Google's international sites, such as the Hong Kong one, have always been subjected to filtering, meaning that searches of some sensitive terms—such as those about the 1989 crackdown on pro-democracy protests, the RFA initials or even the names of top leaders—might trigger an error message from the browser instead of a results page.

The disruption Tuesday afternoon was far more intense, if not entirely comprehensive. Users of the Hong Kong site from at least half a dozen cities around China said they could reach the search page, but that any term entered in the search window prompted the browser error message, often causing their access to Google to be severed temporarily.

Many users of the international site, Google.com, reported the same problem, although some others were able to make at least limited searches there.

Experts say the government's keyword lists and blocking methods seem to have been refined over time, and are increasingly hard to decipher—enabling the government to exercise extensive control over the Web without the state's censorship obvious to users.

"I think certainly the advantage of the Great Firewall [for the government] is its ambiguity in what it blocks and what it doesn't block," says Andrew Lih, director of new media at the University of Southern California, who has studied China's censorship.

Tuesday's blockage, while apparently not permament, served to heighten fears that a Google showdown with Beijing could make China's Internet more insular, with users effectively shut off from large swathes of information outside China.

Foreign search engines, though partially blocked, index a wealth of global Web sites and provide more information than is available domestically in China.

Google is by far the best-known foreign search engine in China. Even Google's former Chinese site was censored less aggressively by the company than sites of Chinese rivals including **Baidu** Inc.

Baidu.com, Web portal Sina.com and online video site Youku.com are China's most popular sites, despite being subject to government censorship regulations. At the end of 2009, Google had captured 38% of the $290 million Chinese Internet search engine market, compared with Baidu's 58%.

Many users in China have been dismissive of Google's stance against censorship—seeing it as an anti-China stunt—or have ignored it altogether.

"I will just have to get used to using Baidu," said Wang Lin, a Google user from Chongqing, "even though the search results are not as complete as Google's."

Still, a complete block of Google could backfire for authorities. Many Chinese Internet users are increasingly aware of censorship, which used to go unnoticed except among a small number of tech-savvy users.

With a growing number of global sites blocked, and the government rolling out more aggressive Internet controls, mainstream users have been increasingly outspoken.

"This morning I could search for things on Google, but now the function is not available," said Jacky Wang, a 31-year-old customer-service manager at an Internet company in Shenzhen. "This will have a very big impact on us. My colleagues and I quite like using Google because it has diverse search results."

—Kersten Zhang and Sue Feng contributed to this article.

Malaysia's Najib to recalibrate race-based quota system

Continued from first page
will be entrenched opposition," Mr. Najib said. "But for the long-term strength of our nation, we cannot afford to duck these issues any longer. If we are to truly tackle inequality and become a beacon of progress in our region, we must bring a sense of urgency to reform."

Mr. Najib also said Malaysia will speed up the divestment of government shareholdings in a number of listed companies in order to increase liquidity in the country's stock market and attract more foreign investment, nudging the Kuala Lumpur Stock Exchange 0.01% higher on the day.

Malaysia introduced race-based preferences and quotas for ethnic Malays in the early 1970s to help them catch up with their generally better-off ethnic-Chinese and ethnic-Indian compatriots. Supporters of the program say it has helped provided stability in this racially and religiously diverse nation, which was rocked by race riots in the late 1960s.

Many critics say the affirmative-action program, known as the New Economic Policy, has hindered Malaysia's competitiveness in recent years. The U.S. and European Union have singled out Malaysia's insistence on maintaining preferences for ethnic-Malay owned businesses in government procurement contracts for stalling the development of free-trade pacts. Business leaders such as Nazir Razak, Mr. Najib's brother and chief executive of bank **CIMB Group** Bhd., have called for the affirmative-action policies to be revised.

Some analysts say Mr. Najib, the 56-year-old British-educated son of Malaysia's second prime minister, is better placed than other Malaysian politicians to push for change. His Malay aristocratic background and his leadership of the main government party give him leverage that other reformers such as opposition leader Anwar Ibrahim might lack.

Yet, shaking up Malaysia's race-based economic and political system remains a daunting challenge. In recent months, new political groups have emerged to press for maintaining the status quo. Ibrahim Ali, an independent ethnic-Malay politician who founded a pro-Malay group known as Perkasa, has won the support of prominent figures such as former prime minister Mahathir Mohamad and the sultan of the Malaysian state of Selangor in his effort to prevent Mr. Najib's proposed economic overhaul.

Ethnic-Malays, who are Muslim by law, have already flexed their power this year by protesting a court ruling that allowed Malaysia's Roman Catholics to use the term "Allah" as a translation for God in the Malay-language pages of a weekly Catholic newspaper, focusing attention on how race and religion have become a volatile mix. The government has filed an appeal.

An Islamic Shariah court's recent decision to cane three women for the first time for having sex out of wedlock also highlighted the growing gap between conservative Muslim-Malays and the more liberal, secular attitudes prevailing among other Malays and ethnic-Chinese and Indian communities, as well as tribal groups in eastern Malaysia.

"It's clear there's a complicated debate going on within Malaysia," says Tim Condon, head of Asian research at ING in Singapore. "And what Mr. Najib can get away with politically might fall far short of his goal. Rolling back affirmative action is a big ask."

In an interview last week in Hong Kong, Mr. Najib suggested his government would have to tread carefully in pushing the policy changes, saying "the pace of reforms will depend on the people's buy-in to the changes."

Still, investors and economists were optimistic about some of the more immediate changes Mr. Najib was offering. Mr. Najib said state-owned **Khazanah Nasional** Bhd., for instance, has decided to divest itself of its controlling 32% stake in national postal operator **Pos Malaysia** Bhd. in a two-stage process. The news sent shares of the company soaring, closing 9.2% higher.

Mr. Najib also said state-owned oil and gas company **Petroliam Nasional Bhd.**, known as Petronas, would privatize and list two units. Mr. Najib didn't identify the two companies.

All "these things probably can't happen overnight," said Yusli Mohamed Yusoff, chief executive of Malaysian stock-exchange operator Bursa Malaysia Bhd.

—Elffie Chew contributed to this article.

Toyota bolsters its quality control in bid to regain consumer trust

Continued from first page
tended the quality meeting.

The car maker also plans to have third-party experts from each market evaluate measures to improve quality and will ask four external experts to review the steps adopted by the special committee. The results of the first review by the four experts will be released in June.

"There were several proposals at the meeting to improve quality in operations of designing, manufacturing, sales and customer services," Mr. Toyoda said, though he declined to elaborate.

The attendees included Steve St. Angelo, who was appointed as chief quality officer for North America; Didier Leroy, his counterpart from Europe; and 10 other chief quality officers for China, Japan and other regions, as well as Mr. Toyoda and other Toyota executives.

The next special-committee meeting will be held in September, a Toyota spokesman said.

Toyota also will seek to improve its relationship with U.S. authorities. Mr. Toyoda on Tuesday said U.S. Transportation Secretary Ray LaHood had said when they met in Washington last month that he will visit Japan this year.

Mr. Toyoda said his company is considering inviting Mr. LaHood, who has criticized the auto maker for the length of time it took to address the quality issues of recent months.

Mr. LaHood on Tuesday said the U.S. National Academy of Sciences will study the use of computer technology in cars, responding to concerns prompted by the Toyota recalls.

The academy, which advises the government, will look at all car makers during the 15-month study. The group will examine the potential for computer glitches and interference from electromagnetic signals to cause a vehicle to accelerate beyond the driver's control, among other issues, Mr. LaHood said.

The U.S. has also arranged for scientists at the National Aeronautics and Space Administration to study the Toyota recalls specifically, including whether electromagnetic signals, and not faulty gas pedals or floor mats, may have caused sudden acceleration.

Toyota has said it has found no problems with electronics related to unintended acceleration, and U.S. auto-safety investigators have found no electronic problems.

—Josh Mitchell contributed to this article.

As of 12 p.m. ET **Euro** 1.3410 ▼ 0.41% **Yen/US$** ¥92.90 ▲ 0.28% **Yen/A$** ¥85.31 ▲ 0.63% **Oil** 82.36 ▲ 0.23% **Gold** 1102.80 ▼ 0.68% **10-year Treasury** ▼ 4/32 yield 3.878% **3-month Libor** 0.29088

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BHP, Vale win ground on pricing of iron ore

By Robert Guy Matthews

BHP Billiton, the world's largest miner, said that it has reached agreements with most of its customers to sell its iron ore at market prices, a move that ensures higher costs and volatile price swings for the world's steelmakers.

Iron ore, a key ingredient in the production of steel, this year could more than double in price per metric ton from last year, when steel makers were paying about $60 a metric ton.

BHP's move is a strong signal that the secretive and fractious annual negotiation between steel makers and miners is coming to an end. For decades, the two sides hammered out a pricing deal each year under a system that kept the price of iron ore the same for a year's time.

But ever since the China's demand for more iron ore to feed its industrial growth, the price of iron ore has climbed. BHP Chief Executive Marius Kloppers has been trying to move iron ore pricing to reflect actual supply and demand at the time of sale.

That pricing strategy works in favor of miners, such as **Rio Tinto** and the world's biggest seller of iron ore, Brazil's **Vale** SA. With demand outstripping supply, iron ore has become the biggest money maker for many of the world's miners.

On Tuesday, a senior Vale executive declared the annual iron ore benchmark pricing system "over." "The benchmark system didn't survive a serious test last year," Pedro Gutemberg, Vale's marketing, research and development director, said at an industry conference in Beijing. "Something different should be done [in terms of pricing] ... We don't want neverending confrontation."

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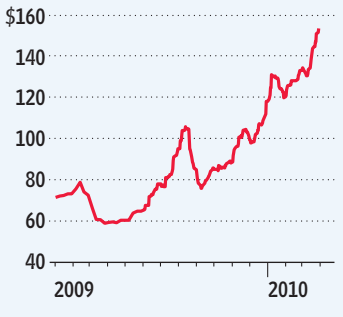
Iron is hot

Seaborne iron-ore, in dollars per metric ton



Source: The Steel Index via Thomson Reuters

Nissan prices electric Leaf

New car to cost about $32,000 in Japan including subsidies, a big premium to the Prius

By Ayai Tomisawa

YOKOHAMA, Japan—**Nissan Motor** Co. said Tuesday its new Leaf electric car will have a price tag including government subsidies of about $32,000 when it goes on sale in Japan in December, almost 50% higher than **Toyota Motor** Corp.'s rival Prius hybrid.

But in a shift, Japan's No. 3 auto maker by volume abandoned an earlier proposal to lease the Leaf's battery to consumers as a way of defraying the cost, citing government hurdles. Nissan had said monthly battery-lease payments would cost roughly as much as the monthly cost of filling up at a gasoline station, but critics had pointed to the idea as an example of how battery technology is currently too expensive for fully electric cars.

Nissan said it will begin taking purchase orders for the Leaf starting on April 1. It aims to sell 6,000 of the new cars in Japan in the fiscal year starting in April.

The launch of the Leaf has attracted a lot of attention in the auto industry, as all-electric vehicles have so far only been sold with high prices and in low volumes. Nissan hopes the Leaf will compete with hybrids powered by both gasoline and electricity, such as the Prius and Honda Motor Corp.'s Insight, offering a rival vision of the future of fuel-efficient, low-emission vehicles.

The new electric car will carry an initial price tag of 3.76 million yen, or about $40,700, in Japan. By comparison, Toyota's Prius costs about 2.05 million yen in Japan. Nissan said tax breaks and subsidies would bring the Leaf's price down to 2.99 million yen.

The auto maker will sell the Leaf for $32,780 in the U.S., excluding a federal tax credit, when the car goes on sale in select markets in December. The U.S. price falls to $25,280 when a $7,500 tax credit is applied.

"Expense has been a challenge for the electric-vehicle market," said Toshiyuki Shiga, Nissan's chief operating officer. "We want to mass market our cars, so our goal was to sell them at an affordable price."

Reuters

Nissan's electric Leaf car will go on sale in December. Above, a Leaf at Nissan headquarters in Yokohama, Japan, Tuesday.

The car's initial price of 3.76 million yen in Japan compares with rival electric vehicles such as the i-MiEV, from **Mitsubishi Motors** Corp., and the Subaru Stella, made by **Fuji Heavy Industries** Ltd., which cost 4.59 million yen and 4.72 million yen, respectively.

"The Leaf's price seems cheaper compared with the i-MiEV," said Yoshihiro Okumura, an analyst at Chibagin Asset Management. "That suggests the pace of developing lithium-ion batteries is getting faster." Such batteries are the key power source in electric vehicles, and are also found in hybrids.

Mr. Okumura said hybrids pose a tough challenge because of their widespread acceptance. But he added that cars like the Leaf could benefit from continued government support as auto makers attempt to reduce fuel consumption.

Nissan cited government complications in abandoning the battery-lease idea. Only one person can be registered as owning a car under Japanese law, raising complicated questions of ownership over the leased battery.

"We decided not to adopt this model," said Toshitake Inoshita, a Nissan spokesman. "Our research tells us that doing it in a package system, with the driver owning both the battery and the car, is better."

Nissan said that it was able to shift from its original pricing plan by reducing the cost of making both the battery motor and the inverter.

The company also said the "volume effect" with its sister company, **Renault** SA of France, also helped. "We plan on using the battery not just within the Leaf," Mr. Inoshita said. "We have a vision that we can generate good volume."

Government subsidies have helped fuel Japanese car-buying. Car sales in Japan rose 15% in February from the previous year amid government tax breaks and subsidies, data showed on Monday.

Nissan's announcement regarding the Leaf came after Toyota said Monday it plans to license its hybrid technology to **Mazda Motor** Co., which aims to launch a hybrid vehicle in Japan by 2013.

—Kate Linebaugh in Detroit contributed to this article.

Essar to decide on Shell assets by June

By Amol Sharma

MUMBAI—Indian conglomerate **Essar** Group will decide by June whether to move forward with the purchase of three European oil refineries from **Royal Dutch Shell** PLC as part of its global expansion plans, the company's chief executive said.

The companies extended their exclusive talks in November without specifying a time frame. Essar Group CEO Prashant Ruia said the company is studying whether the deal makes sense now, given the low refining margins globally in the oil business.

The company decided "that we would like to wait a while and study it," Mr. Ruia said in an interview. "It's something we want to be 100% sure about when we do it. We've already done a lot of homework on the transaction."

Acquiring the Shell refineries, which are in the U.K. and Germany and can process 500,000 barrels of crude oil per day, would move Essar closer to its target of handling one million barrels per day in coming years. Essar currently operates a 280,000-barrel-per-day refinery in Western India. Larger rival **Reliance Industries** Ltd. already handles 1.24 million barrels per day at its Indian refineries.

Oil companies world-wide are struggling with low profit margins due to depressed demand for fuel. That is why majors like Shell and **Chevron** Corp. have put some refinery assets on the block. Indian companies such as Essar and Reliance are using the opportunity to scout for assets overseas and build a global footprint that will help them sell into markets in Europe and Africa when prices rebound.

"We are totally convinced that the margins that are so low right now won't stay there. We do believe they'll rise," Mr. Ruia said.

Mumbai-based Essar, which started out as a small Ruia family construction company in the late 1960s, has transformed itself into a conglomerate with interests in oil, power, steel, shipping and telecommunications and $15 billion in annual revenue. It has been one of India's most active acquirers of overseas companies in recent years, with purchases of steel, outsourcing

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Sapporo shareholders retain board

Outside candidates supported by Steel Partners are rejected despite criticism of Japanese corporate governance

By Alison Tudor

TOKYO—Shareholders of Japanese beer maker **Sapporo Holdings** Ltd. rejected the slate of directors proposed by U.S. fund **Steel Partners** on Tuesday, the latest setback for critics who say Japanese companies could use more independent boards.

Sapporo shareholders voted to keep all 10 incumbents. New York-based Steel Partners' slate didn't include President Takao Murakami or five other incumbents.

Steel Partners, which started investing in Sapporo in 2004 and now owns about 18%, has criticized the company for poor management and underperformance.

"Steel Partners will continue to take whatever steps it deems necessary to bring positive change to Sapporo, Managing Partner Warren Lichtenstein said in a statement.

Sapporo is losing market share in Japan, with its sales of beer and malt beverages down 36% by volume since 2001.

The brewer has argued that it has taken moves that will yield returns, such as a capital alliance with beverage maker **Pokka** Corp. and its diversification into the yogurt and chilled-food markets.

In a statement, Mr. Murakami said about 70% of shareholders attending the annual meeting voted in favor of keeping the current board lineup.

Sapporo is among a number of Japanese companies that corporate-governance experts have criticized for their lack of diversity, disclosure and independence.

Steel Partners' slate won backing from the financial-consulting firm **RiskMetrics Group** and proxy-advisory firm **Glass Lewis** & Co.

Other companies recently receiving criticism include **Toyota Motor** Corp., which is struggling to rebound from quality issues, and **Fujitsu** Ltd., which has faced disclosure issues.

Observers say a lack of independent directors stems in part from the different function boards serve in Japan.

At traditional Japanese companies, the boards run the business, while boards in the U.S. and other places oversee management.

About 55% of companies listed on the Tokyo Stock Exchange have no outside directors, according to a recent study by the bourse.

"The premise of an all-insider board in Japan is that no one from outside the company could possibly understand the business as well as a lifelong employee," said Marc Goldstein, head of research engagement at RiskMetrics Group.

Corporate-governance experts suggest Toyota may have handled its global recall to fix sudden acceleration more successfully if its board members had more diverse backgrounds.

"It is possible that Toyota's governance structure—with the decision-making process highly concentrated in the Japanese headquarters despite its world-wide operations, as well as its 29-member, all Japanese, all insider board, has contributed to the scope and extent of this problem," said James Hawrylak, head of Asian marketing and operations at Glass Lewis.

In hearings in the U.S. over Toyota quality lapses, some lawmakers questioned why the company didn't have any Americans on its board.

Toyota has moved in recent weeks to enable more employees on the ground to make decisions.

Toyota President Akio Toyoda has said the company will consider promoting more foreigners to executive positions, though it is unclear whether that would include board positions. Some companies expanding beyond Japan's mature market are looking to foreign talent.

Tokyo-headquartered **Nomura Holdings** Inc. surprised Japan watchers earlier this month by admitting a foreigner, Indian-born Jasjit "Jesse" Bhattal, to its top decision-making body for the first time.

Nomura is striving to transform itself into a global investment bank after acquiring the overseas operations of failed Wall Street firm **Lehman Brothers** in 2008.

—Hiroyuki Kachi contributed to this article.

Bloomberg News

Sapporo President Takao Murakami said the current lineup had strong support.

MUFG, Morgan Stanley to merge Japan brokerages

By Atsuko Fukase

TOKYO—**Mitsubishi UFJ Financial Group** Inc. reached a final agreement with **Morgan Stanley** to integrate their Tokyo brokerage operations starting May 1.

The move, announced Tuesday, is a further development in an alliance between MUFG and Morgan Stanley that started when Japan's biggest bank acquired about 20% of the U.S. investment bank for $9 billion in September 2008, a time when Morgan Stanley was weakened by the financial crisis.

The process of merging the brokerage operations hasn't been smooth. The initial plan had to be changed as a result of concerns about regulatory issues. The merger was postponed after the two sides decided to make amendments to the way joint operations would be structured.

Under a revised plan, which was announced in November, MUFG and Morgan Stanley will create a joint venture by merging Morgan Stanley's Japanese investment-banking operations, including its merger-and-acquisition business, with Mitsubishi UFJ Securities.

The Tokyo bank will have control of the joint venture, called Mitsubishi UFJ Morgan Stanley Securities Co., with a 60% stake. Morgan Stanley will own the rest.

Morgan Stanley will retain some brokerage operations, such as sales and trading, under the new Morgan Stanley MUFG Securities Co. , which will be 51% controlled by Morgan Stanley and 49% owned by MUFG.

The Japanese bank will have a 60% economic interest in the two joint ventures involved in the alliance, while Morgan Stanley will have a 40% interest.

Analysts say a merged setup will likely benefit both companies. For MUFG, the merger of brokerage operations provides an opportunity to expand beyond its home market, with its large number of banks relative to the population, and build its global reach, while Morgan Stanley may benefit from tapping the Japanese bank's vast customer base.

Industry observers have said a smooth merger may partially depend on how successful MUFG is at retaining high-level bankers from Morgan Stanley. The latter currently receive more compensation than do bankers at MUFG, while the Japanese bank's staff is attracted by a lifetime employment system.

About 100 of Morgan Stanley's investment bankers are expected to move to work at the joint venture led by MUFG.

Nomura Holdings, which bought the operations in Asia and Europe of failed bank Lehman Brothers, is losing several former Lehman bankers after paying them guaranteed bonuses put in place to retain staff for a certain period following the acquisition.

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NAB closes in on AXA Asia Pacific

Lender reaches deal with wealth manager's French parent; Australian regulator holds key to transaction

By Rebecca Thurlow

SYDNEY—In a step toward its proposed 13.29 billion Australian-dollar (US$12.21 billion) takeover of **AXA Asia Pacific** Ltd., **National Australia Bank** Ltd. has secured the agreement of the target's French parent **AXA** SA, although the approval of Australia's competition regulator remains a potential barrier to the deal.

AXA SA, which owns 53.9% of AXA Asia Pacific, has agreed to sell its shares to NAB and then buy back the Asian assets of the target, a deal similar to that previously struck with rival bidder **AMP** Ltd.

NAB, Australia's fourth-biggest bank by market capitalization, plans to keep the Australian and New Zealand businesses, propelling it into a clear market-leading position in the life-insurance and wealth-management industries in those countries.

"The proposal agreed today provides the opportunity to enhance the access to competitive wealth-management products and services within Australia and New Zealand," NAB Chief Executive Cameron Clyne said in a statement Tuesday.

The deal would be the biggest in Australia's financial-services sector, ranking ahead of Westpac Banking Corp.'s purchase of St. George Bank Ltd. for A$12.37 billion in May 2008.

The terms call for Paris-based AXA SA to sell its shares in AXA Asia Pacific to NAB for A$7.2 billion, and then buy back the Asian operations for A$9.4 billion, out of which A$700 million of AXA Asia Pacific's Australian and New Zealand debt will be repaid. That would mean NAB would take the Australian and New Zealand operations debt-free.

The deal would allow AXA SA to throw off limits on its expansion in Asia as it pursues a global strategy of focusing on developing markets. When the French insurer acquired a 51% stake in AXA Asia Pacific's forerunner, National Mutual Life, in 1995, the Australian government imposed a condition that AXA SA use the business for all of its future Asian expansion. Selling the Australian business would free it from that requirement.

Bloomberg News

Cameron Clyne, NAB's chief executive

A spokeswoman for AMP declined to comment on the announcement. The company said earlier Tuesday that it will continue to consider its position. Its cash-and-shares bid for AXA Asia Pacific was rejected by the target's board in December in favor of the NAB offer.

"AXA remains attractive as an option to accelerate parts of our growth strategy and will enhance industry competition," AMP said in materials for a presentation to investors.

AMP said regulatory and other hurdles mean there is still a long way to go before any transaction goes up for approval by AXA Asia Pacific's minority shareholders.

The Australian Competition and Consumer Commission still must rule on whether to allow the NAB deal to go ahead. If it blocks it, or imposes onerous conditions, the regulator could open the way for AMP to buy AXA Asia Pacific.

The ACCC Tuesday abandoned plans to rule on the AMP proposal by Thursday, delaying its decision until "no later than April 22," in line with the NAB proposal.

"AMP remains in there," said Brett Le Mesurier, an analyst at Axiome Equities. "NAB has got the front-running, but there is a difference between front-running and having done the deal, and they are a long way short of doing a deal."

Either deal also needs approval from Australian Treasurer Wayne Swan and the support of minority shareholders. A spokesman for Mr. Swan declined to comment on the NAB deal Tuesday.

The independent directors of AXA Asia Pacific have agreed to recommend NAB's proposal, which offers minority shareholders either A$6.43 a share in cash or a combination of 0.1745 of a NAB share and A$1.59 cash—valued at A$6.42 based on NAB's closing price Tuesday—-in the absence of a higher bid.

Analysts say AMP would likely have to improve on its rejected offer of 0.6896 of a share and A$1.92 cash—valued at A$6.32 a share based on Tuesday's prices—if it is to win the support of the target's board, even if the ACCC derails the NAB offer.

THE TEMPO GROUP

PT Tempo Scan Pacific Tbk and Subsidiaries

A DEDICATION TO QUALITY SINCE 1953

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2009 AND 2008
(Amounts in Thousands of Rupiah, except Share Data)

ASSETS	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	1,180,730,614	1,008,252,575
Short-term investments, net	59,269,551	54,847,862
Trade receivables		
Third parties	464,056,240	371,395,712
Related parties	571,474	1,175,815
Other receivables		
Third parties	17,105,854	17,324,261
Related parties	632,258	1,262,603
Inventories, net	585,060,214	556,760,206
Prepaid taxes and expenses and other current assets	46,650,409	44,135,596
Total Current Assets	2,354,076,614	2,055,154,630
NON-CURRENT ASSETS		
Deferred tax assets, net	30,841,477	28,607,874
Investments in shares of stock	47,037,092	54,146,526
Property, plant and equipment, net of accumulated depreciation of Rp443,487,973 in 2009 and Rp393,933,291 in 2008	715,003,306	665,063,282
Excess of investment costs over fair values of underlying net assets of Subsidiaries, net	32,548,588	70,765,549
Others	83,594,838	93,318,994
Total Non-Current Assets	909,026,301	911,902,225
TOTAL ASSETS	3,263,102,915	2,967,057,055

LIABILITIES AND STOCKHOLDERS' EQUITY	2009	2008
CURRENT LIABILITIES		
Bank loans	63,600,000	32,700,000
Trade payables		
Third parties	438,569,819	352,758,144
Related parties	5,462,940	1,116,271
Other payables		
Third parties	59,371,653	62,745,815
Related parties	5,486,997	7,927,421
Accrued expenses	62,468,201	55,971,168
Taxes payable	21,032,922	22,325,316
Current maturities of obligations under capital leases	1,705,456	959,572
Total Current Liabilities	678,727,988	536,584,707
NON-CURRENT LIABILITIES		
Deferred tax liabilities, net	8,161,557	6,907,588
Deferred gain on sale-and-leaseback transactions, net	96,104	146,246
Obligations under capital leases, net of current maturities	5,399,074	1,389,276
Estimated liabilities for employee service entitlement benefits	127,262,374	110,984,517
Total Non-Current Liabilities	140,919,109	119,427,627
MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES	34,584,950	75,436,961
STOCKHOLDERS' EQUITY		
Capital stock - Rp50 par value per share		
Authorized - 6,000,000,000 shares		
Issued and fully paid - 4,500,000,000 shares	225,000,000	225,000,000
Additional paid-in capital, net	124,457,262	124,457,262
Differences arising from foreign currency translations	(7,593,647)	4,006,110
Differences arising from changes in equities of Subsidiaries	12,327,604	12,327,604
Differences arising from restructuring transaction between entities under common control	71,551,609	71,154,609
Unrealized gains (losses) on appreciation (decline) in market values of short-term investments, net	648,859	(3,772,830)
Retained earnings		
Appropriated	18,000,000	15,750,000
Unappropriated	1,964,479,181	1,786,764,805
Stockholders' Equity, Net	2,406,870,868	2,235,687,760
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,263,102,915	2,967,057,055

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED 31 DECEMBER 2009 AND 2008
(Amounts in Thousands of Rupiah, except Earnings per Share)

	2009	2008
NET SALES	4,497,931,021	3,633,789,179
COST OF GOODS SOLD	2,822,351,586	2,219,244,778
GROSS PROFIT	1,675,579,435	1,414,544,401
OPERATING EXPENSES		
Selling	994,858,693	842,094,707
General and administrative	235,166,767	209,078,982
Total Operating Expenses	1,230,025,460	1,051,173,689
INCOME FROM OPERATIONS	445,553,975	363,370,832
OTHER INCOME (CHARGES)		
Interest income	65,977,113	66,502,250
Equity in net earnings of associated companies, net	4,952,953	3,930,688
Gain on sale of property and equipment	1,483,107	1,128,847
(Loss) gain on foreign exchange, net	(20,994,247)	18,226,561
Inventory write off	(7,677,559)	(5,803,615)
Amortization of excess of investment costs over fair values of underlying net assets of Subsidiaries	(8,149,169)	(9,997,184)
Financing charges	(3,813,568)	(3,056,903)
Miscellaneous, net	1,253,871	6,581,748
Other Income, Net	35,032,481	77,512,192
INCOME BEFORE INCOME TAX EXPENSE (BENEFIT)	480,586,456	440,883,024
INCOME TAX EXPENSE (BENEFIT)		
Current	120,641,868	116,842,510
Deferred	(979,635)	(2,874,614)
Income Tax Expense, Net	119,662,233	113,967,896
INCOME BEFORE MINORITY INTERESTS IN NET EARNINGS OF SUBSIDIARIES	360,924,233	326,915,328
MINORITY INTERESTS IN NET EARNINGS OF SUBSIDIARIES, NET	(959,857)	(6,267,430)
NET INCOME	359,964,376	320,647,898
EARNINGS PER SHARE		
Income from operations	99	81
Net income	80	71

Notes :
1. The above financial information for the years ended 31 December 2009 and 2008 were taken from the audited financial statements of Tanubrata Sutanto & Rekan, a Public Accounting Firm which has issued an unqualified opinion in their report dated 25 March 2010. Certain information such as the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows and notes to the consolidated financial statements for the years 2009 and 2008 are not included in the presented information above.
2. The foreign exchange rates used as at 31 December 2009 and 2008 were Rp.9,400 and Rp.10,950 to US$ 1, respectively.

S.E.&O

Jakarta, 31 March 2010
BOARD OF DIRECTORS

SUSTAINABLE PERFORMANCE IMPROVEMENT CONTINUED IN 2009

With the blessings of God All Mighty, PT Tempo Scan Pacific Tbk ("Tempo Scan") management wishes to announce its financial performance for the year ending 31 December 2009 which summary is as follows:

1. In 2009 Tempo Scan's Net Sales increased by almost 24% compared to the corresponding period last year and amounted to Rp.4,497,931,021,113.- surpassing the Rp. 4 trillion threshold, such an increase was contributed by Tempo Scan's three main operations' Net Sales increases namely its Pharmaceutical, Personal Care & Cosmetics and Distribution divisions which respectively grew by 16.5%, 18.5% and 34.1% compared to last year.
2. Tempo Scan's Operating Profit managed to grow by 22.6% in 2009 compared to the corresponding period last year and amounted to Rp.445,553,974,594.-, such an increase commensurate Tempo Scan's Net Sales performance and it indicates further improvement in its operating expenses control and its management's ability to adhere to budgetary discipline in various cost centers within the corporation.
3. Tempo Scan's Net Profit in 2009 achieved the highest amount ever and it amounted to Rp.359,964,376,338.- or an increase of 12.3% compared to the corresponding period last year, the said percentage increase did not commensurate Tempo Scan's Net Sales and Operating Profit growth rate mainly due to the strengthening of Rupiah against US Dollar and Euro wherein some part of Tempo Scan's cash reserves are denominated. Nevertheless, in the absence of such foreign exchange loss then Tempo Scan's core Net Profit would have increased by 26.0% compared to last year.
4. Tempo Scan's Earnings Before Interests, Tax, Depreciation & Amortization ("EBITDA") in 2009 has reached an unprecedented level and it amounted to Rp.525,264,907,851.- or an increase of 21.3% compared to the corresponding period last year.
5. In anticipation of its future business expansion, Tempo Scan's aggregate amount of cash, cash equivalents and short-term investments in 2009 has risen by 16.6% to become Rp.1,240,000,164,947.- which showed continuous improvement on its operating cash flow management.

We wish to convey our appreciation to all of Tempo Scan's shareholders, business partners and professional parties who have supported Tempo Scan in 2009 and throughout the years, also last but not least Tempo Scan's employees who have given their dedication to their beloved company.

Jakarta, 31 March 2010
PT Tempo Scan Pacific Tbk Board of Directors

CORPORATE NEWS

Arcelor banks on emerging markets

Steelmaker plans to keep watch over debt and costs as it prepares for projects in Brazil, India and other countries

By Alex MacDonald

LONDON—**ArcelorMittal** SA plans to focus on emerging markets for growth while keeping a close eye on costs and debt in case the world economy hits the skids again, Chief Financial Officer Aditya Mittal said in a recent interview at the company's London office.

"The thinking now is that we have to be ready if the crisis hits tomorrow. One of the lessons of 2009 is that not only can there be a black swan, there can be a flock of black swans," he said, referring to high-impact, hard-to-predict events.

Projects in Brazil, India and other emerging markets are central to ArcelorMittal's strategy. The steelmaker believes industrialization and urbanization in these markets will underpin sales growth for years. The crisis was a moment that demonstrated "that these economies are moving forward in terms of industrialization, regardless of the credit issues there may be in the West. Clearly that trend remains intact, and that trend is important for the global steel industry in the medium to long run," Mr. Mittal said.

Mr. Mittal, the 34-year-old son of ArcelorMittal Chief Executive Lakshmi Mittal, said the company now wants about half its production to come from developing countries, almost double current levels.

Agence France-Presse/Getty Images

ArcelorMittal Chief Financial Officer Aditya Mittal at a news conference in Luxembourg in February.

In 2009, emerging countries accounted for about 40% of the company's sales, although only 26% to 27% of production occurred in those countries.

The company has emerged from the global downturn leaner, but it wasn't easy getting there.

The economic downturn forced ArcelorMittal to cut as much as 50% of its global capacity in the fourth quarter of 2008, and the company slashed costs by billions of dollars by cutting jobs, idling capacity and growing more efficient.

It now has lower, self-imposed limits on the debt it will use. ArcelorMittal has reduced its net debt by $13.7 billion since the crisis began and has extended its average debt-maturity profile to 4.8 years.

The focus on emerging markets marks a change from ArcelorMittal's precrisis efforts, which looked at growth investments in both developed and developing countries. Just before the financial crisis forced steelmakers to rein in their spending, ArcelorMittal bought U.S.-based Bayou Steel. But with demand in developed markets slipping, the focus of steelmakers has shifted.

Hermann Reith, steel analyst at BHF Bank in Frankfurt, said the company's growth strategy is consistent with steel companies, such as South Korea's Posco, that are focusing on organic growth and emerging markets.

Other steelmakers, such as Germany's ThyssenKrupp AG and Salzgitter AG, continue to concentrate on developed markets but are delaying some investment plans because of lackluster demand, he added.

"The focus is clearly towards organic growth" and the emerging markets, said Alain William, steel analyst at Société Générale in Paris.

"In the U.S. and Europe, steelmakers may be scaling back their targets...since demand is unlikely to recover to precrisis levels in the near term" and could take up to five years," he said.

ArcelorMittal plans to invest $4 billion in projects in 2010, up 43% from the previous year, with about $1 billion of this focused on growth and the remainder on maintenance.

Growth projects include expanding its Brazilian Vega do Sul production capacity and increasing output at its Brazilian Monlevade plant. The company also plans to build three large steel plants in India at a combined cost of about $30 billion but is still focused on acquiring the land and permits.

"In a sense, we are going to do larger, but less, projects," Mr. Mittal said. "Clearly now we ask many more questions on how [an investment] fits into our more focused strategies on participating in the emerging markets, industrialization and our mining expansion plans."

The company is also expanding its presence in China through joint ventures, but Mr. Mittal is uncertain that demand from China—the world's largest steel consumer—will continue at its current pace and said the company has a more measured approach toward growth than before the downturn.

Mr. Mittal said the Chinese government's moves to curb inflation may be negative for short-term demand growth but the medium to long run remains positive. "It demonstrates that [the Chinese government is] conscious to not create a bubble and are acting proactively and swiftly to make sure they have more of a sustainable growth rate, more sustainable industrialization and as a result more sustainable steel demand," he added.

ArcelorMittal hasn't ruled out investments in the developed world, however. The company plans to complete the modernization of its Dunkirk, France, plant in 2010 and optimize production at a Canadian plant.

Mr. Mittal acknowledged that the fragile economic recovery in developed markets and ArcelorMittal's more cautious approach to investments may lead to slower growth. But he is confident ArcelorMittal won't miss out on growth opportunities because of this.

"We [can] manage both. You can achieve the growth, yet maintain a low-risk balance sheet," he said.

BHP gains ground on iron ore

Continued from page 23

But China, the world's biggest purchaser of iron ore is stubbornly trying to stick with annual contract prices because its steel makers think that they can make out better financially.

In Beijing on Tuesday, a senior official from the China Mining Association publicly blasted the miners' moves. "There has to be a reasonable price," said Wu Rongqing, the association's chief engineer. "If upstream miners take all the profit, what will our steel mills do?"

Jia Yinsong, a senior official with the Ministry of Industry and Information Technology official, also said that China "definitely supports the [existing] iron ore benchmark system," and called miners' demands "not transparent and not representative of market fundamentals."

Last week, China's largest steel maker, **BaoSteel Group** said that it still supported the annual benchmark system. BaoSteel is the chief negotiator representing steel makers in negotiations with miners.

Rio Tinto and Vale haven't announced any pricing negotiations.

But BHP's announcement also is putting heat on its chief competitor, Vale. The iron ore agreements, BHP said, are landed price, which essentially means the spot market price plus the cost of freight.

The Australian miner's move toward market pricing will likely lead to higher costs and volatile price swings for the world's steel producers, including Chinese makers.

Iron ore is a heavy bulk commodity that steel makers must pay miners to ship across the ocean to their shores. BHP's mines are in Australia, much closer to China and the rest of Asia, than Vale's Brazilian mines.

So BHP is betting that much of its iron ore will look cheaper when compared with Vale's iron ore, which must include a heftier freight charge unless Vale wants to sell its iron ore a discount to the market price.

BHP plans to use public index prices for iron ore in setting the value of its iron ore. The value could be based on current prices or expected price for some time in the future, say three months or six months ahead.

Only a few weeks ago, BHP disclosed that it had moved to quarterly prices from annual agreements for coking coal, another ingredient in the production of steel. Coal prices have also been climbing recently.

To be sure, miners may be setting themselves up for a financial fall some years down the line if global demand for steel abates or the market becomes flooded with iron ore.

The price for the ore would fall and the steel makers would get a bargain relative to today's pricing.

Steel makers, including Tata Steel and the world's largest, ArcelorMittal, are developing their own iron ore mines in order to stave off future price increases.

—Chuin-Wei Yap contributed to this article.

McDonald's plans expansion in China

By Esther Fung

SHANGHAI—U.S. fast-food giant **McDonald's** Corp. plans to nearly double its presence in the world's fastest developing economy over the next few years, senior officials from the company said Tuesday after they launched the first McDonald's Hamburger University in China.

McDonald's outlined its China plans at a time when relations between foreign businesses and Beijing are souring, with a growing number of Western companies complaining of a deteriorating operating environment in the country.

McDonald's, which has about 1,100 outlets in China expects to boost that number to a total of 2,000 by the end of 2013, said Tim Fenton, the company's president of Asia Pacific, Middle East and Africa, in an interview.

The company opened just under 150 outlets in the country last year, and expects to open 150 to 175 outlets in China this year, Mr. Fenton said.

The company opened its first outlet in China in Shenzhen in 1990 and now employs more than 60,000 people in the country.

The new outlets targeted for this year will create 10,000 jobs in China, Kenneth Chan, McDonald's China chief executive, said at a news conference Tuesday.

The Hamburger University in Shanghai is the seventh in the world, and serves as the company's training school for areas such as local talent development and real-estate management. The company said the Shanghai school represented an investment of 250 million yuan ($36.6 million).

McDonald's is targeting global sales growth of 3% to 5% in 2010 and income growth of 7%-9%. "And we expect China to be above that," Mr. Fenton said. The company posted profit of $4.55 billion on revenue of $22.74 billion for 2009.

CORPORATE NEWS

Geely sets investments to revive Volvo

Working capital of $900 million will be used to bring the premium Swedish auto brand back to profitability

By Norihiko Shirouzu

BEIJING—The chairman of **Zhejiang Geely Holding Group** Co. said the company has set aside $900 million in working capital to use for reviving Volvo cars, just days after announcing a deal to acquire the struggling Swedish auto maker from **Ford Motor** Co. for $1.8 billion.

Li Shufu, Geely's founder and chairman, said the company is committed to preserving the identity of the premium car brand and will try to help Volvo make inroads into China's huge auto market to expand its business, all part of its efforts to bring the Swedish brand back to profitability.

The company's chairman, Li Shufu, outlined his growth strategy for Volvo just days after announcing a deal to acquire the business from Ford for $1.8 billion.

Mr. Li and other Geely executives said at a press conference that the privately owned company will finance the $2.7 billion total for the deal with the help of banks and other financial institutions in China, the U.S. and Europe, as well as investments from local governments in China. They didn't identify the investors.

The takeover of Volvo is not only a "historic step" for Geely, which began making cars only nine years ago, Mr. Li said. "It is also a major milestone for China's automotive industry and the global auto industry."

In a further effort to calm growing concerns among Volvo workers about their new employer, Mr. Li stressed repeatedly during the press conference that Geely is ready to work with Volvo's trade unions, calling them "good organizations" and a "source of competitiveness" for the Swedish auto maker. Volvo's unions, which initially greeted the deal with skepticism, say they now support it.

"We don't have to be afraid of the trade unions," he said. "If you can't work with the unions, you are doomed."

As part of a prescription for reviving the unprofitable Volvo, Mr. Li said the manufacturing operations of the two brands will be kept separate, along with their company identities. "Geely is Geely; Volvo is Volvo," he said.

Still, the Chinese executive said Geely aims to expand Volvo's scale quickly by helping the brand tap surging demand for cars in China, which last year displaced the U.S. as the world's biggest auto market.

Associated Press

Li Shufu, right, chairman of Geely, discussed plans during a press conference in Beijing on Tuesday.

The biggest problem with Volvo is its small scale, Mr. Li said. It spends nearly as much in research and development as **BMW** AG and **Daimler** AG's Mercedes-Benz unit, but its business is too small to make money.

"We will help Volvo expand its scale in an effort to bring it back to profitability," he said.

To help lower R&D costs, Frank Zhao, Geely's product development director, said at Tuesday's press conference that Geely "plans to provide low-cost engineering support for Volvo where possible," using engineers in China to support some of its activities.

For Geely, Volvo represents an opportunity to improve its technology.

Mr. Zhao said that as part of the deal, Geely gains rights to use "a large amount" of Volvo's intellectual property, including access to its fuel-saving environmental and safety technology.

Bloomberg News

Essar CEO Prashant Ruia at January's economic forum in Davos, Switzerland

Essar plans Shell decision

Continued from page 23

and coal-mining companies in North America.

Essar is also considering listing an entity including its oil and power businesses on the London Stock Exchange to raise $2 billion to $3 billion in what would be the largest overseas listing by an Indian company, people familiar with the situation said. The company intends to complete the listing this year, if possible, but some potential investors think Essar's roughly $10 billion valuation for the assets is high, the people said.

Mr. Ruia said the company hasn't completely made up its mind on whether to follow through with the listing, but said raising equity isn't necessary to complete the Shell deal. A deal for Shell's refineries could be valued as high as $1.5 billion, but Essar may contribute some equity from its domestic oil business to lower the price tag, according to a person familiar with the situation.

"We have the ability to go out and do that transaction without waiting for capital to be raised," Mr. Ruia said. He said Essar is looking to raise new capital, however, for its roughly $8 billion expansion plans in India.

The company intends to boost its domestic refinery operations to 360,000 barrels per day by March 2011, and 720,000 barrels in a later phase.

It is also rapidly expanding its power business, with plans to increase its generation capacity from 1,200 megawatts to 6,000 megawatts by 2012. Mr. Ruia said the company could also opt to raise equity in India if family members choose to dilute their large shareholdings in various Essar businesses.

The Ruias own more than 84% of shares in all group companies.

WELLINK INVESTMENTS LIMITED
(IBC No. 503776)
Incorporated in the British Virgin Islands
(the "Issuer")

NOTICE OF MEETING OF HOLDERS OF USD19,236,664 CLASS A GUARANTEED FLOATING RATE REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2003/2013 ISSUED BY WELLINK INVESTMENTS LIMITED ("RCSLS-A")

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF RCSLS-A. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER.

NOTICE IS HEREBY GIVEN on 31 March 2010 that a Meeting of the holders of RCSLS-A ("**RCSLS-A Holders**") convened by the Issuer will be held at the offices of Linklaters, 10th floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 22 April 2010 at 10 a.m., for the purpose of considering and if thought fit, passing with or without modifications, the resolution set out below, which will be proposed as a Special Resolution pursuant to the provisions of the Trust Deed A dated 30 June 2003 (the "**Trust Deed A**") between the Issuer, MBf Holdings Berhad as guarantor (the "**Guarantor**" and "**MBf-H**") and JPMorgan Chase Bank, Hong Kong Branch as trustee (since replaced by The Bank of New York Mellon, Hong Kong Branch) (the "**Trustee**"). Terms and expressions defined in the Trust Deed A shall bear the same meanings when used in this Notice.

BACKGROUND

We refer to the letter addressed to the RCSLS-A Holders dated 9 March 2010 (the "**9 March 2010 Notice**") from the Issuer which was delivered by facsimile and by post to the RCSLS-A Holders setting out certain background information to, and the steps proposed to be undertaken by, MBf-H (subject to the requisite approvals being obtained from all relevant authorities and relevant parties, and subject to the confirmation by the High Court of Malaya on the capital reduction exercise under Section 64 of the Malaysian Companies Act 1965) to effect a capital reduction and repayment exercise by canceling the entire issued and paid-up ordinary share capital of MBf-H other than the ordinary shares of RM1.00 each in MBf-H held by the major shareholders of MBf-H, namely Impact Action Sdn Bhd, Market Share Investments Limited, Nadin Holdings Sdn Bhd and Tor Private Limited (collectively the "**Major Shareholders**"), as at the close of business on a date to be determined by the Board of Directors of MBf-H and announced later and make a payment as more specifically set out in the 9 March 2010 Notice to holders of the cancelled shares (the "**Proposed SCR**"). Upon completion of the Proposed SCR, MBf-H will be withdrawn from the Official List of Bursa Malaysia Securities Berhad, and the ordinary shares of RM1.00 each in MBf-H will be delisted from the Main Market of Bursa Malaysia Securities Berhad.

Pursuant to Clause 14.1.1 of the Trust Deed A, each of the Issuer and the Guarantor have covenanted, for so long as any of the RCSLS-A remain outstanding, that it will not, without the consent of the Trustee (acting on the direction of the RCSLS-A Holders), reduce its equity share capital or any uncalled liability in respect thereof or any share premium account or capital redemption reserve fund except for the purposes of capitalization of reserves and allotment of fully paid shares in MBf-H as a bonus distribution to Shareholders. Such exception is not applicable to the Proposed SCR and accordingly the consent of the Trustee (acting on the directions of the RCSLS-A Holders) is required to the Proposed SCR.

In accordance with Clause 17.2.7 of the Fourth Schedule to the Trust Deed A, the resolution to direct the Trustee in relation to the giving of consent pursuant to Clause 14.1.1 of the Trust Deed A is required to be passed as a Special Resolution. To be passed, a Special Resolution requires a majority in favour consisting of at least fifty percent (50%) in number representing not less than seventy five percent (75%) in value of RCSLS-A then outstanding. At least two (2) persons present, being RCSLS-A Holders or being proxies (in accordance with Clause 15 of the Fourth Schedule of the Trust Deed A) for RCSLS-A Holders holding in aggregate not less than seventy-five per cent (75%) of the principal amount of the RCSLS-A for the time being will form a quorum for the transaction of business at a meeting where a Special Resolution is proposed.

Clause 17.3 of the Fourth Schedule to the Trust Deed A provides that, for the purposes of determining whether the RCSLS-A Holders of outstanding RCSLS-A of the requisite principal amount at any time have given any consent provided for under Clause 17.1 or otherwise under the Trust Deed A, any RCSLS-A held by any Affiliate of the Issuer or the Guarantor shall be deemed not to be outstanding. "**Affiliate**" is defined to mean any party (A) which directly or indirectly controls, or is controlled by, or is under common control with, the Issuer or the Guarantor, or (B) which beneficially owns or holds 5% or more of any class of the voting shares of the Issuer or the Guarantor or (C) which beneficially owns or holds 5% or more of the voting shares (or in the case of a party which is not corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Issuer or the Guarantor or a Subsidiary of the Guarantor. In other words, holdings of RCSLS-A by Affiliates must be disregarded for determining the principal amount of the RCSLS-A outstanding.

As mentioned in the 9 March 2010 Notice, the Major Shareholders, together with the directors of MBf-H, held as at the date of the 9 March 2010 Notice 81.6% of the shares of the Company, leaving a public spread of 18.4%. Under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a company faces suspension or delisting if its public spread falls below 25% and it fails to rectify the situation.

PROPOSED DELISTING

As mentioned above, if the Proposed SCR proceeds, upon completion of the same, MBf-H will be withdrawn from the Official List of Bursa Malaysia Securities Berhad, and the ordinary shares of MBf-H will be delisted from the Main Market of Bursa Malaysia Securities Berhad ("**Delisting**").

In the event that Delisting takes place, the RCSLS-A Holders will then be holding RCSLS-A which are convertible into shares of a non-listed entity, which shares are not tradeable on the Main Market of Bursa Malaysia Securities Berhad.

In the event that the RCSLS-A are not redeemed earlier, the RCSLS-A will be mandatorily exchanged into shares of MBf-H on 30th June 2013, being the Maturity Date of the RCSLS-A.

Should the Proposed SCR proceed, RCSLS-A Holders may wish to participate in such Proposed SCR. If this is the case, such RCSLS-A Holders should consider converting their RCSLS-A into MBf-H shares in accordance with the Conditions of the RCSLS-A and the Exchange Option Deed. Please note that the process to effect the exchange RCSLS-A into fully paid shares of MBf-H will take 10 Business Days from the date of receipt by the Exchange Agent of the duly completed Exchange Notice, and such exchange will need to be completed in sufficient time to meet any deadlines for participation in the Proposed SCR.

Pursuant to Clause 9.2.2 of the Trust Deed A, MBf-H has covenanted to use its best endeavours to maintain a listing of the MBf-H Shares on the Kuala Lumpur Stock Exchange or any alternative stock exchange as MBf-H may from time to time determine with the consent of the Trustee upon direction of the RCSLS-A Holders. The Issuer and MBf-H are both of the view that MBf-H has used and is continuing to use its best endeavours to maintain the listing of the MBf-H Shares, as evidenced by its obtaining the extension from the Bursa Malaysia Securities Berhad in February 2010 for the listing of MBf-H Shares. However, in light of the Delisting which will occur should the Proposed SCR proceed, and for the avoidance of doubt, the proposed Special Resolution includes a direction to the Trustee to waive any Event of Default which may occur as a result of the Proposed SCR and Delisting.

AMENDMENTS TO DOCUMENTS

The proposed Special Resolution includes an authorization from the RCSLS-A Holders to the Trustee, directing the Trustee to consent to such amendments to the Issue Documents as may be required to give effect to and as a consequence of the Proposed SCR and Delisting (the "**Amendments**"). The proposed amendments to the Issue Documents are set out below.

(A) Clause A(viii) of Schedule 3 of the Exchange Option Deed (which sets out the definition of "**Current Market Price**") shall be amended by deleting all of the words appearing after the words "*mutatis mutandis*," on the fourth line and replacing the same with the following words:

"as at a particular date, the fair market value as determined in good faith by an independent investment bank of international repute, selected by MBf-H and approved by the Trustee."

For the avoidance of doubt, the minimum Exchange Price for each MBf-H Share shall be no less than the par value of such MBfH share. In the event that the adjusted Exchange Price shall fall below the par value in accordance with sub-clause (A)(iii), (iv), (v) and (vi), then the Exchange Price used to calculate the number of MBf-H Shares to be issued shall be the par value of each MBf-H Share."

(B) Clause 9.2.2 of the Trust Deed A shall be deleted in its entirety.

(C) Clause 3.2.2 of the Exchange Option Deed shall be deleted in its entirety.

(D) Any and all consequential amendments to the Issue Documents that may be required and which are of a formal, minor or technical nature and are not materially prejudicial to the interests of the RCSLS-A Holders in relation to the Proposed SCR and Delisting, and to enter into any documents required to give effect to the same

Unless specifically amended as proposed under the Special Resolution, all other terms and conditions of the Trust Deed A and the other Issue Documents, and in particular, the covenant of MBf-H to keep available, free from pre-emptive or other rights, out of its authorised but unissued MBf-H shares such number of shares as would be required to be issued on exchange of all the RCSLS-A from time to time, will remain and subsist in full force and effect.

EFFECT ON EXCHANGE PRICE

In the event Proposed SCR proceeds and the Amendments are approved and made, any outstanding RCSLS-A will still be exchangeable into MBf-H Shares but the Exchange Price for the RCSLS-A shall be adjusted by a fraction consisting of the difference between the Current Market Price ("**C**") (as of the Business Day immediately preceding the offer or announcement of the distribution) and the fair market value (on the date of the offer or announcement of the distribution) of the portion of the capital distribution attributable to one MBf-H Share ("**D**"), which is determined by an independent investment bank of international repute selected by the Company and approved by the Trustee, relative to D.

This is set out under Clause A(iii) of Schedule 3 of the Exchange Option Deed. The Exchange Price will be adjusted by multiplying it with the following fraction:

$$\frac{C-D}{C}$$

ROLE OF TRUSTEE

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed Special Resolution, and no action or inaction on its part shall be construed as endorsing or rejecting the Proposed SCR and Delisting, or the subject matter of the other proposed Special Resolution, in any way.

Furthermore, the Trustee shall not be responsible or liable to the Issuer, MBf-H, the RCSLS-A Holders or any other person for any loss, cost, expense, action, proceeding, damage or other liability resulting from:

(a) the giving of any consent, making of any determination or exercise of any discretion where it has been authorised to act in accordance with the Special Resolution; or

(b) any failure of the RCSLS-A Holders to authorise the Trustee to give such consent, make such determination or, as the case may be, exercise such discretion

A copy of this notice shall be delivered to the Trustee on the date stated above.

Documents Available for Inspection, Enquiries

Copies of the Trust Deed A and the Exchange Option Deed referred to in this Notice and the proposed Special Resolution set out below will be available for inspection by RCSLS-A Holders at the specified offices of the Trustee, the Principal Paying Agent and the Registrar set out below.

The Bank of New York Mellon
Units 1201-5, Three Pacific Place
1 Queen's Road East
Hong Kong
Attention: Tin Chung
For information by telephone:
+852 2840 6617
tin.chung@bnymellon.com

RCSLS-A Holders requiring further details of the Proposed SCR and Delisting can also contact Mr. Thomas Mathew of MBf-H at Level 17, Menara MBf, Jalan Sultan Ismail, 50250 Kuala Lumpur, Telephone : 603-2167 8039 or email thomas@mbfh.com.my

SPECIAL RESOLUTION

THAT this meeting of holders of US$19,236,664 Class A Guaranteed Floating Rate Redeemable Convertible Secured Loan Stocks due 2013 (the "**RCSLS-A**") issued by Wellink Investments Limited (the "**Issuer**") and constituted by the Trust Deed A dated 30 June 2003 (the "**Trust Deed A**") made between the Issuer, MBf Holdings Berhad (the "**Guarantor**") and The Bank of New York Mellon, Hong Kong Branch (the "**Trustee**") as trustee for the RCSLS-A Holders hereby:

(1) authorize and direct the Trustee to give consent to the Proposed SCR (as defined in the Notice of Meeting dated 31 March 2010) pursuant to Clause 14.1.1 of the Trust Deed A;

(2) authorize and direct the Trustee to waive any and all breaches or Events of Default, if any, which may occur as a result of the Proposed SCR and Delisting;

(3) authorize and direct the Trustee to consent to the Amendments and any and all consequential amendments to the Issue Documents that may be required and which are of a formal, minor or technical nature and are not materially prejudicial to the interests of the RCSLS-A Holders in relation to the Proposed SCR and Delisting, and to enter into any documents required to give effect to the same. ;

(4) acknowledge and agree that the Trustee shall have no obligation to take any step in relation to the giving of such consents as set out in (1) to (3) above or the exercise of its rights and/or those of the RCSLS-A Holders of whatever nature under the Trust Deed A, the RCSLS-A or the general law, which will, or might, in its opinion, require it to risk or expend its own funds unless the Trustee is indemnified and/or secured to its satisfaction;

(5) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the RCSLS-A Holders against the Issuer and/or the Guarantor and/or any other person involved in or resulting from this Special Resolution; and

(6) discharges and exonerates the Trustee from any liability in respect of any act or omission for which it may be or become responsible under the Trust Deed A or the RCSLS-A or any other Issue Document in connection with any action or step taken or omitted to be taken by the Trustee under or pursuant to or in connection with this Special Resolution.

By Order of the Board
Martin Richard Haeger
Director

Notes:

The relevant provisions governing the convening and holding of the Meeting are set out in Schedule 3 of the Trust Deed A. Please note the following:

1. A holder of the RCSLS-A entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead by instrument in writing available at the registered office of the Issuer.
2. A proxy need not be a holder of the RCSLS-A.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
4. All forms of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of MBf-H at Level 17 Menara MBf, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia during normal business hours and not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. The forms of proxy shall not be valid in case of default in fulfilling such requirements.
5. A resolution passed at a meeting of the RCSLS-A Holders duly convened and held in accordance with the Trust Deed A shall be binding upon all the RCSLS-A Holders, whether present or not present at the meeting and each of the RCSLS-A Holders and the Trustee (subject to the provisions for its indemnity contained in the Trust Deed A) shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of any such resolution justify the passing thereof.
6. Subject to all other provisions contained in the Trust Deed A, the Trustee may without the consent of the Issuer, the Guarantor or the RCSLS-A Holders prescribe such further regulations regarding the holding of meetings of RCSLS-A Holders and attendance and voting at them as the Trustee may in its sole discretion determine

WELLINK INVESTMENTS LIMITED
(IBC No. 503776)
Incorporated in the British Virgin Islands
FORM OF PROXY

I/We . . . . . .
of . . . . . .
(FULL ADDRESS)

being a holder of **WELLINK INVESTMENTS LIMITED'S USD19,236,664 CLASS A GUARANTEED FLOATING RATE REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2003/2013 OF USD**_____

hereby appoint . . . . . .

(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

with (PASSPORT/PERSONAL IDENTIFICATION NO.) . . . . . .

of . . . . . .
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Meeting of RCSLS-A Holders to be held at the offices of Linklaters, 10th floor, Alexandra House, 18 Chater Road, Central, Hong Kong on [Thursday, 22 April] 2010 at [10.00 a.m.] or at any adjournment.

My/Our proxy is to vote as indicated below:

	FOR	AGAINST	ABSTAIN
SPECIAL RESOLUTION : TRUSTEE BE AUTHORISED TO CONSENT TO THE PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE UNDER SECTION 64 OF THE MALAYSIAN COMPANIES ACT, 1965 TO BE UNDERTAKEN BY MBF HOLDINGS BERHAD (THE GUARANTOR) FOR THE RCSLS-A (THE "PROPOSED SCR") (the full text of the Special Resolution being as set out in the Notice of Meeting dated [31 March] 2010)			

(Please indicate with an "x" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion)

Signed this . . . . . day of 2010

. . . . . .
Signature(s)/Common Seal of Holder / Duly authorised signatory

Notes:

1. A holder of the RCSLS-A entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead by instrument in writing available at the registered office of the Issuer.
2. A proxy need not be a holder of the RCSLS-A.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
4. All forms of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of MBf-H at Level 17 Menara MBf, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia during normal business hours and not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. The forms of proxy shall not be valid in case of default in fulfilling such requirements.
5. A resolution passed at a meeting of the RCSLS-A Holders duly convened and held in accordance with the Trust Deed A shall be binding upon all the RCSLS-A Holders, whether present or not present at the meeting and each of the RCSLS-A Holders and the Trustee (subject to the provisions for its indemnity contained in the Trust Deed A) shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of any such resolution justify the passing thereof.
6. Subject to all other provisions contained in the Trust Deed A, the Trustee may without the consent of the Issuer, the Guarantor or the RCSLS-A Holders prescribe such further regulations regarding the holding of meetings of RCSLS-A Holders and attendance and voting at them as the Trustee may in its sole discretion determine

Treasurys weaken ahead of jobs data

By Min Zeng

NEW YORK—Prices of Treasury notes and bonds were modestly lower Tuesday as the market prepared for U.S. jobs data in the following days and next week's round of government-debt sales.

U.S. CREDIT MARKETS

In noon trading, the two-year note slipped 2/32 to 99 28/32 to yield 1.0633%, and the 10-year note fell 4/32 to 97 30/32 to yield 3.8779%. The 30-year bond was down 6/32 at 97 21/32, yielding 4.7727%. Bond yields move inversely to prices.

Economists have expected two employment indicators this week to show robust job growth for March, which would point to further recovery in the labor market.

The ADP data, a precursor of Friday's March nonfarm payrolls report, due Wednesday are expected to show the private sector added 50,000 jobs for March. The median forecast for nonfarm payrolls is a gain of 200,000 following a loss of 36,000 in February. That would be the largest job increase since March 2007, well before the recession began. The March jobless rate is forecast to hold steady at 9.7%.

Yields decline in Japan

By Megumi Fujikawa

TOKYO—Long-term Japanese government-bond yields ended lower Tuesday after the benchmark 10-year yield touched the psychologically key 1.4% for the first time in 4½ months.

BOND MARKETS

But bond prices are expected to be pressured lower when Japan's new fiscal year starts April 1, as stocks are trending upward thanks to an improving economic outlook.

The yield on benchmark 10-year bonds fell 0.01 percentage point to 1.390%. It earlier touched 1.400% for the first time since Nov. 12, on the back of stock gains. Analysts said funds also bought bonds to extend the duration of their portfolios, now that March is almost over.

In other news, **Singapore Telecommunications** Ltd. raised 600 million Singapore dollars (US$428.7 million) Tuesday in a lightning sale of 10-year bonds, reflecting the robust state of Singapore's local-currency debt market. The company is paying a coupon of 3.4875%, according to a term sheet.

China rolls out trial program for short sales, margin trading

By Shen Hong

SHANGHAI—China will launch its long-awaited trial program for margin trading and short selling Wednesday, removing the last bit of uncertainty over its latest effort to introduce risky alternative-investment tools to its huge but still immature stock market.

Announced simultaneously by China's two stock exchanges, the timing of the trial program was widely anticipated. The rollout of the new options is meant to better prepare investors for the April 16 launch of stock-index futures, a more complex and riskier financial-derivatives product.

In almost identical statements, the Shanghai and Shenzhen exchanges said Tuesday that they would operate trading systems for margin trading and short selling starting Wednesday. The news follows Friday's announcement by China Financial Futures Exchange that it will begin hosting stock-index futures April 16.

Margin trading and short selling will start earlier than index futures because of lower leverage and investment risks, said Qian Qimin, an analyst at Shenyin Wanguo Securities.

China's securities regulator recently approved the first batch of firms allowed to take part in the short-selling and margin-trading trial. The six brokerages are **Guosen Securities** Co., **Citic Securities** Co, **Haitong Securities** Co., **Guotai Junan Securities** Co., **GF Securities** Co. and **Everbright Securities** Co.

Trading on margin allows an investor to purchase stocks with borrowed money, magnifying potential profits upon sale if the shares rise, and deepening losses in the event of share-price declines.

In short selling, an investor borrows a security from a broker in order to sell it, hoping it can be bought back at a lower price for return to the broker. If the share price falls, the investor pockets the price difference.

FUND SCORECARD

HF Emerging Market Equity

These funds primarily take long/short positions in emerging market equities At least 60% of assets are invested in emerging market equities Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 30, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
1	**UFG Russia Slct LP**	UFG Asset Management	USD	Cayman Isl	**-0.79**	67.92	-34.48	1.07
1	**Dynamic Power Emerging Market Ser A**	Dynamic Mutual Funds Ltd	CAD	Canada	**-5.52**	67.06	-36.89	NS
4	**Allard Growth Fund**	Allard Partners Management Ltd	USD	Cayman Isl	**-1.99**	65.14	3.68	8.21
4	**Ajia Lighthorse China Growth Fd**	Lighthorse Assets Management LLC	USD	Cayman Isl	**1.06**	64.66	14.84	NS
2	**Karma Fund LP Series B**	Karma Capital Management LLC	USD	United States	**-3.13**	64.12	-18.66	10.17
3	**Enhanced China Index Fund**	Enhanced Investment Products Limited	USD	Bermuda	**-8.02**	63.98	-10.26	18.66
NS	**Blackhorse Emerging Enterprises**	Blackhorse Asset Mangement Pte Ltd	USD	Bermuda	**-6.17**	61.54	-16.63	8.80
3	**Karma Fund LP Series A**	Karma Capital Management LLC	USD	United States	**-2.81**	60.66	-10.17	14.66
3	**Griffin Eastern European Value Fund**	Griffin Capital Management Ltd	EUR	Cayman Isl	**48.45**	60.48	-1.28	8.18
NS	**Red Cobra Fund**	Bowen Capital Management	USD	Cayman Isl	**-2.58**	60.03	-9.64	8.27

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/29	EUR	53.63	-1.8	40.8	-20.1
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/29	USD	10.91	5.2	45.1	-6.9
Am Eq Blend B	US	EQ	LUX	03/29	USD	10.23	4.9	43.9	-7.7
Am Growth A	US	EQ	LUX	03/29	USD	31.92	2.2	43.1	2.2
Am Growth AX	US	EQ	LUX	03/29	USD	34.50	2.3	43.9	2.8
Am Growth B	US	EQ	LUX	03/29	USD	26.77	1.9	41.6	1.2
Am Growth C	US	EQ	LUX	03/29	USD	28.85	2.1	42.5	1.8
Am Growth I	US	EQ	LUX	03/29	USD	35.44	2.4	44.2	3.0
Am Income A	US	BD	LUX	03/29	USD	8.56	2.5	27.2	7.2
Am Income A2	US	BD	LUX	03/29	USD	19.61	3.0	27.3	7.2
Am Income A2	OT	OT	NA	03/29	HKD	152.24	3.0	27.3	7.2
Am Income AT	OT	OT	NA	03/29	HKD	66.61	3.0	27.2	7.2
Am Income AT	US	BD	LUX	03/29	USD	8.58	3.0	27.2	7.2
Am Income B	US	BD	LUX	03/29	USD	8.56	2.4	26.3	6.4
Am Income B2	US	BD	LUX	03/29	USD	16.87	2.8	26.4	6.4
Am Income B2	OT	OT	NA	03/29	HKD	130.97	2.8	26.4	6.4
Am Income BT	OT	OT	NA	03/29	HKD	66.92	2.8	26.3	6.4
Am Income BT	US	BD	LUX	03/29	USD	8.62	2.8	26.3	6.4
Am Income C	US	BD	LUX	03/29	USD	8.56	2.4	26.6	6.7
Am Income C2	US	BD	LUX	03/29	USD	25.10	2.9	26.6	6.7
Am Income I	US	BD	LUX	03/29	USD	8.56	2.6	28.0	7.9
Am Value A	US	EQ	LUX	03/29	USD	8.93	4.7	34.3	-5.6
Am Value B	US	EQ	LUX	03/29	USD	8.20	4.5	32.9	-6.6
Am Value C	US	EQ	LUX	03/29	USD	8.92	4.6	33.5	-6.1
Am Value I	US	EQ	LUX	03/29	USD	9.62	4.8	35.1	-4.9
Emg Mkts Debt A	GL	BD	LUX	03/29	USD	15.95	3.6	42.8	10.0
Emg Mkts Debt A2	GL	BD	LUX	03/29	USD	20.93	4.1	42.6	10.1
Emg Mkts Debt AT	GL	BD	LUX	03/29	USD	16.07	4.1	42.6	10.1
Emg Mkts Debt B	GL	BD	LUX	03/29	USD	15.95	3.5	41.4	9.0
Emg Mkts Debt B2	GL	BD	LUX	03/29	USD	20.12	3.9	41.2	9.0
Emg Mkts Debt BT	GL	BD	LUX	03/29	USD	16.04	3.9	41.2	9.0
Emg Mkts Debt C	GL	BD	LUX	03/29	USD	15.95	3.6	42.2	9.5
Emg Mkts Debt C2	GL	BD	LUX	03/29	USD	20.55	4.0	41.9	9.6
Emg Mkts Debt I	GL	BD	LUX	03/29	USD	15.95	3.7	43.5	10.6
Emg Mkts Growth A	GL	EQ	LUX	03/29	USD	34.87	0.6	69.8	-8.1
Emg Mkts Growth B	GL	EQ	LUX	03/29	USD	29.48	0.4	68.1	-9.0
Emg Mkts Growth C	GL	EQ	LUX	03/29	USD	30.19	0.5	68.9	-8.5
Emg Mkts Growth I	GL	EQ	LUX	03/29	USD	38.73	0.8	71.1	-7.4
Eur Growth A	OT	OT	LUX	03/29	USD	9.97	5.3	45.1	-7.7
Eur Growth A	OT	OT	LUX	03/29	EUR	7.40	5.3	45.1	-7.7
Eur Growth B	OT	OT	LUX	03/29	EUR	6.64	5.1	43.7	-8.6
Eur Growth B	OT	OT	LUX	03/29	USD	8.95	5.1	43.7	-8.6
Eur Growth C	EU	EQ	LUX	03/29	EUR	5.60	5.1	44.3	-8.0
Eur Growth I	OT	OT	LUX	03/29	USD	10.89	5.3	46.1	-6.9
Eur Growth I	OT	OT	LUX	03/29	EUR	8.08	5.3	46.1	-6.9
Eur Income A	OT	OT	LUX	03/29	EUR	6.85	4.8	52.3	8.8
Eur Income A	OT	OT	LUX	03/29	USD	9.23	4.8	52.3	8.8
Eur Income A2	OT	OT	LUX	03/29	EUR	13.54	5.2	52.1	8.8
Eur Income A2	OT	OT	LUX	03/29	USD	18.24	5.2	52.1	8.8
Eur Income AT	EU	BD	LUX	03/29	EUR	6.86	5.3	52.2	8.8
Eur Income B	OT	OT	LUX	03/29	EUR	6.85	4.7	51.4	8.1
Eur Income B	OT	OT	LUX	03/29	USD	9.23	4.7	51.4	8.1
Eur Income B2	OT	OT	LUX	03/29	EUR	12.57	5.0	50.9	8.0
Eur Income B2	OT	OT	LUX	03/29	USD	16.94	5.0	50.9	8.0
Eur Income BT	EU	BD	LUX	03/29	EUR	6.86	5.0	51.0	8.0
Eur Income C	OT	OT	LUX	03/29	EUR	6.85	4.7	51.7	8.4
Eur Income C	OT	OT	LUX	03/29	USD	9.23	4.7	51.7	8.4
Eur Income C2	OT	OT	LUX	03/29	EUR	13.48	5.1	51.5	8.3
Eur Income C2	OT	OT	LUX	03/29	USD	18.16	5.1	51.5	8.3
Eur Income I	OT	OT	LUX	03/29	EUR	6.85	4.9	53.0	9.4
Eur Income I	OT	OT	LUX	03/29	USD	9.23	4.9	53.0	9.4
Eur Strat Value A	OT	OT	LUX	03/29	EUR	8.88	4.1	47.5	-13.1
Eur Strat Value A	OT	OT	LUX	03/29	USD	11.96	4.1	47.5	-13.1
Eur Strat Value I	OT	OT	LUX	03/29	EUR	9.10	4.1	48.7	-12.4
Eur Strat Value I	OT	OT	LUX	03/29	USD	12.26	4.1	48.7	-12.4
Eur Value A	OT	OT	LUX	03/29	EUR	9.54	3.7	49.3	-9.1
Eur Value A	OT	OT	LUX	03/29	USD	12.85	3.7	49.3	-9.1
Eur Value B	OT	OT	LUX	03/29	USD	11.79	3.4	47.8	-10.0
Eur Value B	OT	OT	LUX	03/29	EUR	8.75	3.4	47.8	-10.0
Eur Value C	OT	OT	LUX	03/29	USD	12.41	3.6	48.5	-9.5
Eur Value C	OT	OT	LUX	03/29	EUR	9.21	3.6	48.5	-9.5
Eur Value I	OT	OT	LUX	03/29	USD	14.87	4.0	50.6	-8.3
Eur Value I	OT	OT	LUX	03/29	EUR	11.04	4.0	50.6	-8.3
Gl Balanced (Euro) A	OT	OT	LUX	03/29	USD	16.05	3.8	32.2	-5.0
Gl Balanced (Euro) B	OT	OT	LUX	03/29	USD	15.60	3.7	30.8	-5.9
Gl Balanced (Euro) C	OT	OT	LUX	03/29	USD	15.91	3.8	31.8	-5.2
Gl Balanced (Euro) I	OT	OT	LUX	03/29	USD	16.37	4.0	NS	NS
Gl Balanced A	US	BA	LUX	03/29	USD	16.76	1.7	33.8	-6.4
Gl Balanced B	US	BA	LUX	03/29	USD	15.90	1.5	32.4	-7.3
Gl Balanced C	OT	OT	LUX	03/29	USD	16.50	1.6	33.3	-6.7
Gl Balanced C	OT	OT	LUX	03/29	EUR	12.25	1.6	33.3	-6.7
Gl Balanced I	US	BA	LUX	03/29	USD	17.41	1.9	34.6	-5.8
Gl Bond A	US	BD	LUX	03/29	USD	9.38	2.2	16.8	5.2
Gl Bond A2	US	BD	LUX	03/29	USD	16.42	2.6	16.9	5.2
Gl Bond A2	OT	OT	NA	03/29	HKD	127.48	2.6	16.9	5.2
Gl Bond AT	OT	OT	LUX	03/29	HKD	72.98	2.6	17.0	5.2
Gl Bond AT	US	BD	LUX	03/29	USD	9.40	2.6	17.0	5.2
Gl Bond B	US	BD	LUX	03/29	USD	9.38	2.0	15.7	4.2
Gl Bond B2	US	BD	LUX	03/29	USD	14.34	2.3	15.6	4.1
Gl Bond B2	OT	OT	NA	03/29	HKD	111.33	2.3	15.6	4.1
Gl Bond BT	OT	OT	LUX	03/29	HKD	73.21	2.4	15.8	4.2
Gl Bond BT	US	BD	LUX	03/29	USD	9.43	2.4	15.8	4.2
Gl Bond C	US	BD	LUX	03/29	USD	9.38	2.1	16.3	4.7
Gl Bond C2	US	BD	LUX	03/29	USD	14.23	2.4	16.4	4.7
Gl Bond I	US	BD	LUX	03/29	USD	9.38	2.3	17.5	5.8
Gl Conservative A	US	BA	LUX	03/29	USD	15.04	1.6	21.3	-1.5
Gl Conservative A2	US	BA	LUX	03/29	USD	17.21	1.7	21.3	-1.5
Gl Conservative B	US	BA	LUX	03/29	USD	15.03	1.4	20.0	-2.5
Gl Conservative B2	US	BA	LUX	03/29	USD	16.31	1.4	20.0	-2.5
Gl Conservative C	US	BA	LUX	03/29	USD	15.03	1.5	20.7	-2.0
Gl Conservative C2	US	BA	LUX	03/29	USD	16.81	1.5	20.7	-1.9
Gl Conservative I	US	BA	LUX	03/29	USD	15.12	1.8	22.3	-0.6
Gl Eq Blend A	GL	EQ	LUX	03/29	USD	11.78	1.0	45.1	-15.1
Gl Eq Blend B	GL	EQ	LUX	03/29	USD	11.03	0.7	43.6	-15.9
Gl Eq Blend C	GL	EQ	LUX	03/29	USD	11.56	0.9	44.5	-15.5
Gl Eq Blend I	GL	EQ	LUX	03/29	USD	12.45	1.2	46.3	-14.4
Gl Growth A	GL	EQ	LUX	03/29	USD	42.38	1.1	42.2	-15.1
Gl Growth B	GL	EQ	LUX	03/29	USD	35.29	0.9	40.8	-16.0
Gl Growth C	GL	EQ	LUX	03/29	USD	40.62	1.0	41.5	-15.5
Gl Growth I	GL	EQ	LUX	03/29	USD	47.15	1.3	43.4	-14.4
Gl High Yield A	US	BD	LUX	03/29	USD	4.49	5.1	63.3	9.0
Gl High Yield A2	US	BD	LUX	03/29	USD	9.78	5.6	63.0	8.9
Gl High Yield A2	OT	OT	NA	03/29	HKD	75.93	5.6	63.0	8.9
Gl High Yield AT	OT	OT	NA	03/29	HKD	34.70	5.8	63.1	9.0
Gl High Yield AT	US	BD	LUX	03/29	USD	4.47	5.8	63.1	9.0
Gl High Yield B	US	BD	LUX	03/29	USD	4.49	4.9	61.4	7.7
Gl High Yield B2	US	BD	LUX	03/29	USD	15.69	5.4	61.6	7.8
Gl High Yield B2	OT	OT	NA	03/29	HKD	121.81	5.4	61.6	7.8
Gl High Yield BT	OT	OT	NA	03/29	HKD	35.25	5.3	61.5	7.9
Gl High Yield BT	US	BD	LUX	03/29	USD	4.54	5.3	61.5	7.9
Gl High Yield C	US	BD	LUX	03/29	USD	4.49	5.0	62.5	8.4
Gl High Yield C2	US	BD	LUX	03/29	USD	14.49	5.6	62.4	8.4
Gl High Yield I	US	BD	LUX	03/29	USD	4.49	5.2	64.4	9.7
Gl Thematic Res. A	OT	OT	LUX	03/29	USD	15.00	1.8	60.1	1.2
Gl Thematic Res. B	OT	OT	LUX	03/29	USD	13.09	1.6	58.5	0.2
Gl Thematic Res. I	OT	OT	LUX	03/29	USD	16.76	2.0	61.5	2.0
Gl Value A	GL	EQ	LUX	03/29	USD	11.26	1.1	48.5	-15.0
Gl Value B	GL	EQ	LUX	03/29	USD	10.32	0.8	47.0	-15.8
Gl Value C	GL	EQ	LUX	03/29	USD	10.93	0.9	47.9	-15.4
Gl Value I	GL	EQ	LUX	03/29	USD	11.99	1.2	49.7	-14.4
Greater China A	AS	EQ	LUX	03/29	USD	39.61	-1.0	50.0	-6.6
Greater China B	AS	EQ	LUX	03/29	USD	34.97	-1.3	48.6	-7.6
Greater China C	AS	EQ	LUX	03/29	USD	39.07	-1.1	49.4	-7.0
India Growth A	OT	OT	LUX	03/29	USD	135.42	6.7	NS	NS
India Growth AX	OT	OT	LUX	03/29	USD	118.45	6.8	124.5	3.2
India Growth B	OT	OT	LUX	03/29	USD	141.53	6.5	NS	NS
India Growth BX	OT	OT	LUX	03/29	USD	101.01	6.5	122.2	2.2
India Growth I	EA	EQ	LUX	03/29	USD	122.90	6.9	125.5	3.6
Int'l Health Care A	OT	EQ	LUX	03/29	USD	143.97	4.7	33.4	-1.0
Int'l Health Care B	OT	EQ	LUX	03/29	USD	121.14	4.5	32.1	-2.0
Int'l Health Care C	OT	EQ	LUX	03/29	USD	137.83	4.6	32.8	-1.4
Int'l Health Care I	OT	EQ	LUX	03/29	USD	157.60	4.9	34.5	-0.2
Int'l Technology A	OT	EQ	LUX	03/29	USD	112.59	2.0	53.2	-1.6
Int'l Technology B	OT	EQ	LUX	03/29	USD	97.32	1.8	51.6	-2.6
Int'l Technology C	OT	EQ	LUX	03/29	USD	108.69	1.9	52.5	-2.1
Int'l Technology I	OT	EQ	LUX	03/29	USD	126.48	2.2	54.4	-0.9
Japan Eq Blend A	JP	EQ	LUX	03/29	JPY	6354.00	5.5	25.5	-12.2
Japan Eq Blend B	JP	EQ	LUX	03/29	JPY	6116.00	5.2	24.3	-13.1
Japan Eq Blend C	JP	EQ	LUX	03/29	JPY	6245.00	5.4	24.9	-12.6
Japan Growth A	JP	EQ	LUX	03/29	JPY	6008.00	2.3	16.8	-14.4
Japan Growth B	JP	EQ	LUX	03/29	JPY	5784.00	2.0	15.7	-15.2
Japan Growth C	JP	EQ	LUX	03/29	JPY	5906.00	2.2	16.3	-14.7
Japan Strat Value A	JP	EQ	LUX	03/29	JPY	6635.00	8.4	33.9	-10.5
Japan Strat Value B	JP	EQ	LUX	03/29	JPY	6394.00	8.2	32.6	-11.4
Japan Strat Value C	JP	EQ	LUX	03/29	JPY	6516.00	8.3	33.3	-11.0
Real Estate Sec. A	OT	EQ	LUX	03/29	USD	14.92	4.0	72.3	-10.3
Real Estate Sec. B	OT	EQ	LUX	03/29	USD	13.61	3.7	70.8	-11.2
Real Estate Sec. I	OT	EQ	LUX	03/29	USD	16.06	4.2	73.6	-9.6
Short Mat Dollar A	US	BD	LUX	03/29	USD	7.35	1.7	14.7	0.3
Short Mat Dollar A2	US	BD	LUX	03/29	USD	9.98	1.9	14.6	0.2
Short Mat Dollar AT	US	BD	LUX	03/29	USD	7.35	2.0	14.7	0.2
Short Mat Dollar B	US	BD	LUX	03/29	USD	7.35	1.6	14.2	-0.2
Short Mat Dollar B2	US	BD	LUX	03/29	USD	9.92	1.8	14.0	-0.3
Short Mat Dollar BT	OT	OT	LUX	03/29	USD	7.36	1.8	NS	-0.6
Short Mat Dollar C	US	BD	LUX	03/29	USD	7.35	1.6	14.2	-0.2
Short Mat Dollar C2	US	BD	LUX	03/29	USD	14.02	1.8	14.0	-0.3
Short Mat Dollar I	US	BD	LUX	03/29	USD	7.35	1.8	15.3	0.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	02/26	USD	1828.22	8.1	78.9	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/29	USD	109.30	9.3	32.2	23.3
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/23	USD	40.93	0.4	-50.7	-17.8
Superfund GCT USD*	GL	EQ	LUX	03/23	USD	2175.00	-0.9	-40.1	-16.9
Superfund Green Gold A (SPC)	OT	OT	CYM	03/23	USD	964.14	0.0	-18.9	-5.8
Superfund Green Gold B (SPC)	OT	OT	CYM	03/23	USD	933.64	-0.2	-32.3	-12.3
Superfund Q-AG*	OT	OT	AUT	03/23	EUR	6706.00	1.3	-23.4	-3.8
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/30	EUR	53.58	3.4	62.9	-1.2
Industria AE	EU	EQ	DEU	03/30	EUR	72.85	2.9	48.5	-8.0
InternRent AE	EU	BD	DEU	03/30	EUR	37.50	6.5	7.7	12.2
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/19	USD	323819.99	18.0	171.4	19.6

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THE INTERNATIONAL INVESTOR

Verizon, Apple advance; Irish banks keep sliding

By Donna Kardos Yesalavich And Kristina Peterson

The industrial sector led U.S. stocks out of their late-morning slump Tuesday as earnings expectations helped offset global economic jitters, but then stocks slipped back into negative territory.

ABREAST OF THE MARKET

The Dow Jones Industrial Average was down 8.62 points, or 0.1%, to 10887.24 in early-afternoon trading. **Verizon Communications** helped buoy the Dow earlier with a jump of 3.3% after The Wall Street Journal reported that **Apple** is designing new iPhones, including a version that could work on Verizon's network. **AT&T** slid to the bottom of the Dow with a 1.7% drop, while Apple, which isn't a Dow component, gained 1.5%.

Diversified manufacturer **3M** was also strong, up 3% after **Danaher**, another diversified manufacturer, raised its first-quarter earnings outlook. Danaher, which isn't a Dow component, jumped 3.7%.

The Dow's financial components weighed. **Bank of America** fell 1.6%, while **J.P. Morgan Chase** edged down 0.7%. **Boeing** also fell, sinking 1.3%. Bank of America and Boeing have been two of the measure's top three performers for the current quarter, which ends Wednesday.

The Nasdaq Composite was down 0.1% at 2403.23, while the Standard & Poor's 500-stock index was down 0.2% at 1171.37. The measure's declines were led by the financial sector and offset in part by gains in technology and industrials.

European stocks

Irish banks remained under selling pressure, offsetting gains in defensive sectors such as utilities and food.

The Stoxx Europe 600 index closed virtually unchanged at 263.87. The index has gained 4% this year. The U.K. FTSE 100 index declined 0.7% to 5672.32, while the German DAX index lost 0.2% to 6142.45 and the French CAC-40 index slipped 0.3% to 3987.41.

Allied Irish Banks extended Monday's sharp drop in Dublin by another 9%. Investors spent the session waiting for news on the discount that is going to be applied to loans transferred to the Irish government's national asset management agency, as well as for details on capital ratios.

Shortly after the close, Ireland issued a statement calling for AIB to raise €7.4 billion ($9.97 billion) and **Bank of Ireland** to raise €2.7 billion.

The national asset management agency will take on €3.3 billion of AIB loans at a 43% discount and €1.93 billion of Bank of Ireland loans at a 35% discount.

Gartmore Group plummeted 31% after the U.K. fund manager said it had suspended manager Guillaume Rambourg after consultations with the Financial Services Authority.

Dollar recovers to move higher on euro, yen

By Don Curren

TORONTO—The dollar was higher against its key rivals midday Tuesday, recovering from early losses against the euro as slumping stocks and diminished appetite for risk pushed that currency lower.

CURRENCY MARKETS

The dollar's scramble higher against the yen, driven in part by higher U.S. yields, took it to 93.02 yen—its highest level since Jan. 8.

The British pound, however, maintained its gains against the dollar. It rallied after news that fourth-quarter gross domestic product growth was revised to 0.4% from 0.3%.

At midday, the euro was at $1.3416 from $1.3481 late Monday. The common currency was at 124.55 yen from 124.65 yen. The dollar was at 92.83 yen from 92.46. The pound was at $1.5090 from $1.4984.

Month- and quarter-end-related flows contributed to volatile trading. Also weighing on the euro was news that the International Monetary Fund cut its growth forecasts for Germany and warned there are "substantial downside risks" caused in part by weakness in the banking sector because of exposure to southern Europe.

Greek bonds came under selling pressure, bringing the focus of the market back to the fiscal issues facing Greece.

Steelmakers and banks lead an upswing in Asia

By Shri Navaratnam And Philip Vahn

Asian stocks were mostly higher, with steelmakers leading the advance in Tokyo and property and banking stocks the standouts in Hong Kong.

The Shanghai Composite rose 4.67 points, or 0.2%, to 3128.47, the highest close since Jan. 22, 2010,

ASIAN-PACIFIC STOCKS

while Hong Kong's Hang Seng Index tacked on 137.36 points, or 0.7%, to 21374.79. Australia's S&P/ASX 200 rose 19.52, or 0.4%, to 4916.79. South Korea's Kospi Composite rose 8.20, or 0.5%, to 1700.19. Japan's Nikkei Stock Average of 225 companies rose 110.67, or 1%, to 11097.14, the highest close since Oct. 2, 2008.

Institutional funds were active in the second-to-last trading session of the first quarter, according to market analysts in Hong Kong. As a result, "there is a fair amount of window-dressing going on" as some investors sought to take advantage of heavy trading to lock in profits on some of their better-performing holdings, said Andrew Sullivan, a sales trader with Main First.

Sentiment was bolstered by overnight data showing U.S. personal spending rose for a fifth straight month in February.

ANZ bank senior economist Khoon Goh in Wellington said there is "cautious optimism" in markets. "All eyes are on Friday's nonfarm payrolls number, where expectations are for a big bounce," he said. The data are expected to show that the U.S. economy added roughly 200,000 jobs in March, in what would be the largest gain since the recession hit.

India's Sensex fell 121.18, or 0.8%, to 17590.17, while Singapore's Straits Times rose 0.2%. Thailand's main share index jumped 2.6%.

Materials stocks lifted the Australian market as investors responded to Monday's increases in commodity prices. **BHP Billiton** advanced 2.4%, **Rio Tinto** tacked on 1.1% and Fortescue rose 2.9%. Industrials and energy stocks also attracted strong demand, with **Woodside Petroleum** rising 0.5%.

Standouts in Japan included steelmakers **Nippon Steel** Corp. and **Sumitomo Metal Industries**, which rose 2.5% and 2.1% respectively.

The companies reportedly have reached a tentative accord with Brazilian mining giant **Vale** on a roughly 90% increase in iron-ore prices for the quarter ending in June. Brokers said the share prices rise on the view that the companies will be able to pass on the increases to consumers.

Kobe Steel rose 2.6% after raising its fiscal 2009 profit outlook.

South Korea's **Posco** fell 0.7%; Posco and **Nippon Steel**, which jointly purchase iron ore, were involved in the provisional agreement with Vale.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/19	USD	1307.61	5.2	31.2	-5.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/22	JPY	14639.66	-5.8	63.2	6.8
GAM Asia Equity Hedge US	OT	OT	VGB	03/22	USD	273.64	-5.7	71.2	8.3
GAM Asia Equity USD	OT	OT	VGB	03/29	USD	651.23	-0.4	61.7	-5.0
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/23	USD	1359.38	6.0	47.6	-5.7
GAM Com Glb Bal EUR Op	US	BA	VGB	03/22	EUR	99.07	2.1	28.3	-4.5
GAM Com Glb Bal USD Op	US	BA	VGB	03/22	USD	130.44	2.1	28.3	-4.5
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/22	EUR	103.46	2.6	45.8	-8.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/22	USD	130.79	2.6	45.8	-8.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/22	EUR	90.27	1.6	32.2	-7.4
GAM Comp Glb Gr USD Op	US	BA	VGB	03/22	USD	129.05	1.6	32.2	-7.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/26	USD	262.62	5.6	61.6	-1.4
GAM Cross Trading Inc	OT	OT	VGB	03/22	USD	461.08	-1.0	3.5	NS
GAM Diversity CHF Op	OT	OT	VGB	03/22	CHF	94.67	0.4	4.4	-5.3
GAM Diversity EUR Op	OT	OT	VGB	03/22	EUR	651.98	0.5	5.0	-3.8
GAM Diversity USD 2.5XL	OT	OT	VGB	03/15	USD	78.83	0.7	8.2	-16.4
GAM Diversity USD Op	OT	OT	VGB	03/22	USD	684.72	0.6	5.2	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	03/22	CHF	99.88	0.4	3.8	-4.9
GAM Dvrsty II EUR Op	OT	OT	VGB	03/22	EUR	139.46	0.5	4.1	-3.9
GAM Dvrsty II USD Op	OT	OT	VGB	03/22	USD	211.23	0.5	4.4	-4.2
GAM DvrstyIII EUR Op	OT	OT	VGB	03/15	EUR	115.98	0.4	3.3	-4.2
GAM DvrstyIII USD Op	OT	OT	VGB	03/15	USD	122.48	0.4	3.6	-4.4
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/22	EUR	225.48	3.0	17.0	0.5
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/22	USD	209.21	2.9	18.3	2.1
GAM European Equity USD	OT	OT	VGB	03/29	USD	287.32	-2.3	40.4	-10.2
GAM GAMCO	OT	EQ	VGB	03/23	USD	870.90	7.4	75.9	-1.8
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/22	EUR	99.36	1.5	15.0	-13.1
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/22	USD	104.83	1.6	15.7	-12.2
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/29	USD	265.87	4.5	50.4	0.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/22	USD	274.44	-4.3	105.1	29.7
GAM Intrst Trend II	GL	BD	VGB	03/22	USD	111.28	18.2	100.8	2.7
GAM Intrst Trend Inc	OT	OT	VGB	03/22	USD	297.81	18.4	117.6	5.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/22	EUR	129.36	10.8	29.5	7.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/22	USD	132.41	8.5	27.5	-5.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/22	JPY	9113.20	8.4	28.6	-5.2
GAM Japan USD	JP	EQ	VGB	03/29	USD	1237.04	12.2	29.3	-8.2
GAM Japan YEN	JP	EQ	VGB	03/29	JPY	9866.82	11.8	25.4	-10.4
GAM Money Mkt EuroOp	EU	MM	VGB	03/29	EUR	51.17	0.7	0.8	1.6
GAM Money Mkt USD	US	MM	VGB	03/29	USD	100.04	0.1	0.0	0.5
GAM Multi-Arb EUR Op	OT	OT	VGB	03/22	EUR	112.88	1.5	1.7	-6.6
GAM Multi-Arb USD Op	OT	OT	VGB	03/15	USD	117.67	1.4	1.4	-7.0
GAM Multi-China EUR Op	OT	OT	VGB	03/22	EUR	165.57	-1.4	10.4	-0.9
GAM Multi-China USD Op	OT	OT	VGB	03/22	USD	174.46	-1.2	11.2	-1.3
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/22	GBP	132.09	0.4	26.0	0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/22	USD	653.74	0.4	26.1	0.2
GAM Multi-Eur EUR Op	OT	OT	VGB	03/22	EUR	268.84	0.0	6.0	-4.0
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/22	EUR	138.33	0.0	6.0	-4.0
GAM Multi-Eur II USD Op	OT	OT	VGB	03/22	USD	113.06	0.0	5.9	-5.0
GAM Multi-Eur USD Op	OT	OT	VGB	03/22	USD	468.06	0.1	6.0	-4.8
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/22	EUR	133.67	-0.2	7.2	-0.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/22	USD	217.46	-0.3	7.3	-0.7
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/22	EUR	142.53	-0.6	3.5	-1.0
GAM Multi-Pac USD Op	OT	OT	VGB	03/22	USD	164.66	-0.5	3.9	-1.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/19	USD	2783.21	5.5	74.7	13.8
GAM Sing/Malaysia	AS	EQ	VGB	03/29	USD	2573.87	1.9	71.4	-2.2
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/22	GBP	244.65	6.4	65.5	8.7
GAM Trading EUR Inc	OT	OT	VGB	03/22	EUR	321.65	-1.1	3.2	2.3
GAM Trading USD Inc	OT	OT	VGB	03/22	USD	963.17	-1.0	3.6	1.6
GAM Trdg II IncEUR Op	OT	OT	VGB	03/22	EUR	137.63	-1.0	3.1	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/22	USD	312.75	-1.0	3.6	1.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/22	EUR	145.15	-1.1	2.9	2.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/22	USD	152.90	-1.0	3.3	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/15	EUR	123.10	-1.1	2.5	2.0
GAM Trdg V IncUSD Op	OT	OT	VGB	03/15	USD	128.33	-1.0	3.1	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/22	EUR	155.19	-1.2	2.9	2.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/22	USD	160.82	-1.0	3.4	1.5
GAM USDSpecBondInc	US	BD	VGB	03/22	USD	586.06	10.6	116.3	14.4
GAM Worldwide	GL	EQ	VGB	03/29	USD	2235.62	-0.3	40.7	-7.1
GAMut Investments	OT	OT	VGB	03/24	USD	7720.97	1.8	3.1	7.1

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/29	CHF	11.24	1.1	46.9	-2.1
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/29	EUR	12.57	5.1	59.5	3.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/29	GBP	1.68	6.7	53.4	10.6
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/29	USD	13.31	-1.7	58.4	-4.5
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/29	EUR	114.69	12.4	36.4	0.7
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/29	EUR	110.99	12.4	36.4	0.7
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/29	EUR	11.55	5.1	42.8	-0.5
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/29	EUR	191.19	4.7	43.7	-2.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/29	EUR	174.70	4.7	43.7	-2.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/29	USD	15.71	-2.0	42.6	-10.0
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/29	USD	14.25	-2.0	42.5	-10.0
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/26	USD	6.15	12.0	48.0	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/29	EUR	101.34	14.2	27.9	0.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/29	EUR	101.34	14.2	27.9	0.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/29	JPY	1026.69	10.1	22.8	-10.6
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/29	USD	12.40	10.3	26.8	-8.8
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/29	USD	2251.68	-0.2	41.6	-6.6

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Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	03/30	USD	15.86	3.9	43.5	-6.4
American Growth AA	US	EQ	LUX	03/30	USD	0.91	3.8	43.1	-4.5
Asian Equity	AS	EQ	LUX	03/30	USD	2.47	0.6	68.0	-3.3
Asian Equity AA	AS	EQ	LUX	03/30	USD	0.79	0.6	67.4	-3.6
Asian Sm Cap Equity AA	AS	EQ	LUX	03/30	USD	1.24	7.3	112.0	5.4
China Value A	AS	EQ	LUX	03/30	USD	7.02	-1.3	62.9	1.3
China Value AA	AS	EQ	LUX	03/30	USD	2.21	-1.4	62.5	1.1
Dragon Growth	AS	EQ	LUX	03/30	USD	1.63	-0.5	64.3	-1.1
Dragon Growth AA	OT	OT	LUX	03/30	HKD	7.95	-0.5	64.2	-1.7
Emg Eastrn Europe A	EU	EQ	LUX	03/30	USD	4.86	5.5	116.9	-11.7
Emg Eastrn Europe AA	EU	EQ	LUX	03/30	USD	2.09	5.4	116.6	-11.8
European Growth	EU	EQ	LUX	03/30	USD	9.01	-1.6	63.7	-15.5
European Growth AA	EU	EQ	LUX	03/30	USD	0.64	-1.7	63.3	-15.7
Global Contrarain AA	GL	EQ	LUX	03/30	USD	0.94	6.7	89.4	NS
Global Property AA	OT	EQ	LUX	03/30	USD	0.71	4.4	84.1	-8.3
Global Resources AA	OT	EQ	LUX	03/30	USD	1.08	-0.2	45.1	-12.8
Healthcare AA	OT	EQ	LUX	03/30	USD	1.01	7.1	36.6	NS
India Equity AA	EA	EQ	LUX	03/30	USD	1.12	1.5	92.4	-5.6
International Growth	GL	EQ	LUX	03/30	USD	3.12	2.2	41.5	-10.7
International Growth AA	GL	EQ	LUX	03/30	USD	0.72	2.2	41.1	-10.9
Japanese Growth	JP	EQ	LUX	03/30	USD	2.93	6.3	32.4	-8.4
Japanese Growth AA	JP	EQ	LUX	03/30	USD	0.77	6.9	32.9	-8.3
Latin America Equity AA	GL	EQ	LUX	03/30	USD	1.29	0.1	94.7	-2.8
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/30	USD	1.04	4.0	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/30	USD	1.17	2.6	NS	NS
Russia Equity AA	EE	EQ	LUX	03/30	USD	0.71	11.1	127.6	-15.1
Taiwan Equity AA	AS	EQ	LUX	03/30	USD	1.04	-3.7	68.3	-4.1
Turkey Equity AA	EE	EQ	LUX	03/30	USD	0.82	6.6	163.4	8.9
U.S. Bond AA	US	BD	LUX	03/30	USD	1.14	2.9	19.8	8.4
U.S. Sm Cap Equity AA	US	EQ	LUX	03/30	USD	0.94	15.0	80.6	-0.9
U.S. Special Opportunities	OT	OT	LUX	03/30	USD	0.91	12.7	102.5	13.2
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/30	USD	1.14	-0.1	3.9	0.8

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Indonesian Grth Fund	EA	EQ	CYM	03/17	USD	140.57	10.4	157.3	4.4

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A Value Partners Group company

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www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	03/29	USD	8.31	3.6	79.1	0.8

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A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	03/26	EUR	21.89	6.4	60.6	7.0
Bonds EURO A	OT	OT	LUX	03/26	EUR	41.75	1.7	5.9	5.3
Bonds EUROPE A	OT	OT	LUX	03/26	EUR	39.77	1.7	5.7	4.9
Bonds US OppsCoreplus A	OT	OT	LUX	03/26	USD	37.55	1.8	16.5	8.2
Bonds World A	OT	OT	LUX	03/26	USD	41.02	-2.3	7.9	0.4
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/29	USD	10.47	0.5	65.0	-4.0
Eq. China A	AS	EQ	LUX	03/29	USD	23.00	-4.7	48.1	-2.9
Eq. Concentrated Euroland A	OT	OT	LUX	03/29	EUR	93.74	0.8	32.4	-10.4
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/29	EUR	27.46	1.7	45.6	-9.7
Eq. Emerging Europe A	OT	OT	LUX	03/29	EUR	26.76	13.6	92.1	-12.9
Eq. Euroland A	EU	EQ	LUX	03/29	EUR	11.00	1.6	39.8	-10.9
Eq. Euroland Small Cap A	OT	OT	LUX	03/29	EUR	152.21	7.8	59.4	-3.0
Eq. EurolandCyclclsA	EU	EQ	LUX	03/26	EUR	18.59	4.5	42.7	-5.8
Eq. EurolandFinancialA	OT	EQ	LUX	03/29	EUR	11.19	-1.1	58.9	-15.3
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/29	USD	9.26	-4.4	51.9	-12.0
Eq. Global A	GL	EQ	LUX	03/29	USD	28.81	3.4	50.5	-7.3
Eq. Global Energy A	OT	EQ	LUX	03/29	USD	17.64	-2.7	30.3	-14.0
Eq. Global Resources A	OT	OT	LUX	03/29	USD	108.74	-0.4	45.2	-11.1
Eq. Gold Mines A	OT	EQ	LUX	03/29	USD	29.80	-1.6	27.9	-3.4
Eq. India A	OT	OT	LUX	03/29	USD	134.45	2.8	84.4	-5.0
Eq. Japan CoreAlpha A	OT	OT	LUX	03/29	JPY	8055.95	11.1	26.2	-2.2
Eq. Latin America A	OT	OT	LUX	03/26	USD	112.06	-3.6	71.1	-9.2
Eq. US Lg Cap Gr A	US	EQ	LUX	03/26	USD	15.79	3.5	41.6	-7.3
Eq. US Rel Val A	US	EQ	LUX	03/29	USD	21.78	5.7	52.2	-7.9
Eq. US Sm Cap Val A	US	EQ	LUX	03/29	USD	17.31	8.5	56.7	-10.9
Money Market EURO A	EU	MM	LUX	03/29	EUR	27.42	0.1	0.6	2.2
Money Market USD A	US	MM	LUX	03/26	USD	15.83	0.0	0.3	1.2

The National Investor

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TNI Mena Real Estate Fund	OT	OT	BMU	03/25	USD	946.81	-1.5	11.1	-30.2
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/25	AED	5.51	3.3	23.9	-31.1

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Intel-Chin MainInd Foc	AS	EQ	CYM	03/15	USD	29.49	-1.2	94.1	7.9
Intel-China Converg*	AS	EQ	CYM	03/15	USD	112.04	-1.7	93.9	5.5
VP Classic - A	AS	EQ	CYM	03/29	USD	191.93	2.9	80.1	9.0
VP CLassic - B	AS	EQ	CYM	03/29	USD	89.35	2.8	79.2	8.4
VP High Dividend Stk	AS	EQ	CYM	03/22	USD	47.56	4.7	91.6	13.0

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/30	JPY	9915.00	4.8	31.3	-13.3
YMR-N Small Cap Fund	OT	OT	IRL	03/30	JPY	7178.00	2.4	28.1	-14.0

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/30	JPY	6392.00	3.9	19.5	-17.1
Yuki 77 Growth	JP	EQ	IRL	03/30	JPY	5536.00	-1.9	7.7	-23.3

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/30	JPY	7263.00	6.4	28.4	-12.6
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/30	JPY	8446.00	12.0	20.8	-11.3

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/30	JPY	4956.00	6.1	24.4	-17.2
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/30	JPY	5710.00	8.8	25.7	-11.8
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/30	JPY	5193.00	1.7	25.9	-14.5

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/30	JPY	4592.00	3.9	23.3	-21.0
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/30	JPY	4852.00	4.0	23.3	-20.8
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/30	JPY	7207.00	3.4	30.6	-15.6
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/30	JPY	9244.00	7.3	29.1	-12.1
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/30	JPY	6554.00	3.1	21.1	-15.8
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/30	JPY	8124.00	6.4	15.3	-15.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/30	JPY	5507.00	6.1	25.8	-13.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/30	JPY	12656.00	9.5	29.2	-8.9
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/30	JPY	8131.00	2.1	20.7	-17.9
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/30	JPY	7264.00	1.8	34.1	-14.7
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/30	JPY	6050.00	7.1	27.4	-11.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/30	JPY	2792.00	2.4	26.3	-19.4

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/30	JPY	5821.00	7.4	27.3	-13.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Sweden	0.35%	8.9%	65.6%
Japan	1.28	8.0	29.9
Switzerland	0.82	6.4	49.9
Turkey	0.27	5.7	115.0
Netherlands	0.41	5.5	66.7
U.K.	-0.12	4.9	45.6
Russia	0.21	3.0	82.9
Germany	0.34	3.0	44.0
South Africa	0.04	2.9	29.0
Australia	0.24	2.2	35.6
Canada	0.22	2.1	34.3
France	0.27	1.5	43.9
Singapore	-0.04	0.7	75.0
Italy	0.18	0.1	48.7
South Korea	0.58	unch.	44.5
Hong Kong	0.90	-0.8%	46.9
Brazil	0.91	-4.1	70.7
Spain	0.05	-4.4	34.2
China 88	0.19	-7.1	28.2

Dow Jones Regional Sector Titans

Travel Leisure	0.83%	11.1%	56.1%
Ind Gds Svcs	0.45	10.7	73.2
Arab 50	0.42	8.8	35.7
Pers H'hold Gds	0.40	7.6	50.6
Retail	0.64	7.0	43.4
Media	0.36	5.8	61.4
Asian 50	1.04	4.9	52.1
Real Estate	0.47	4.2	73.5
Global 50	0.18	0.1	38.6
Tiger 50*	0.54	-1.8%	61.7

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Mitsubishi	Japan	Industrial Suppliers	$43.5	2,462	3.88%	91.6%	-9.0%
JFE Hldgs	Japan	Iron Steel	21.7	3,815	3.25	77.9	-43.1
KB Fncl Group	South Korea	Banks	18.5	54,300	2.84	69.5	-34.7
Shinhan Financial Grp	South Korea	Banks	18.9	45,050	2.62	83.1	-14.6
East Japan Railway	Japan	Travel Tourism	27.0	6,350	2.58	23.8	-30.9
Hutchison Whampoa	Hong Kong	Diversified Industrials	$31.1	56.70	-2.66%	49.2	-25.3
QBE Ins Grp	Australia	Reinsurance	19.8	21.05	-1.41	9.2	-34.1
POSCO	South Korea	Iron Steel	36.0	537,000	-0.74	47.3	36.6
Japan Tobacco	Japan	Tobacco	35.3	342,000	-0.58	30.6	-41.1
Mizuho Financial Grp	Japan	Banks	28.1	186.00	-0.53	-1.1	-75.7

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Nippon Steel Japan (Iron Steel)	25.0	369.00	2.50%	40.3%	-54.3%
Canon Japan (Electronic Office Equipment)	57.5	4,325	2.49	53.4	-31.0
BHP Billiton Australia (General Mining)	137.1	44.41	2.37	39.2	47.6
Mitsui Japan (Industrial Suppliers)	30.5	1,564	2.36	58.6	-28.1
Nissan Motor Japan (Automobiles)	35.1	801.00	2.30	128.9	-36.7
Indl Comm Bk China Hong Kong (Banks)	62.9	5.88	2.26	45.9	33.6
Sony Japan (Consumer Electronics)	38.7	3,610	1.98	80.7	-39.8
Sumitomo Mitsui Finl Japan (Banks)	45.9	3,135	1.95	-8.1	-71.5
NTT DoCoMo Japan (Mobile Telecommunications)	63.9	142,100	1.86	6.3	-35.1
China Constr Bk Hong Kong (Banks)	181.2	6.26	1.79	42.3	38.8
Tokyo Elec Power Japan (Conventional Electricity)	35.8	2,461	1.74	0.0	-38.2
PetroChina Hong Kong (Integrated Oil Gas)	24.6	9.04	1.69	46.3	-2.4
KDDI Japan (Mobile Telecommunications)	22.9	481,500	1.69	4.2	-49.3
Panasonic Japan (Consumer Electronics)	32.1	1,438	1.63	34.5	-40.5
Nippon T&T Japan (Fixed Line Telecommunications)	55.7	3,910	1.30	4.8	-37.2
Kansai Elec Power Japan (Conventional Electricity)	20.6	2,121	1.19	-0.9	-36.9
Nintendo Japan (Toys)	43.6	31,700	1.12	11.4	-6.4
RioZim Ltd Australia (General Mining)	44.2	79.25	1.10	77.5	27.3
CNOOC Hong Kong (Exploration Production)	74.3	12.92	0.94	68.2	87.8
Honda Motor Japan (Automobiles)	64.8	3,295	0.92	42.3	-20.6

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Mitsubishi UFJ Finl Japan (Banks)	74.4	497.00	0.81%	4.4%	-63.5%
Toyota Motor Japan (Automobiles)	127.8	3,770	0.80	20.8	-49.2
Shin-Etsu Chml Japan (Specialty Chemicals)	24.9	5,440	0.74	14.1	-23.6
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	37.2	138.50	0.73	107.7	-0.5
China Life Ins Hong Kong (Life Insurance)	35.6	37.15	0.68	44.6	63.7
Woodside Petroleum Australia (Exploration Production)	33.6	47.00	0.49	23.4	19.8
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	39.4	119.20	0.42	71.8	30.8
Westfield Grp Australia (Retail REITs)	26.0	12.24	0.41	22.4	-41.6
Seven I Hldgs Japan (Broadline Retailers)	21.8	2,239	0.31	3.7	-37.5
Takeda Pharm Japan (Pharmaceuticals)	35.2	4,145	0.24	21.9	-46.3
Westpac Bking Australia (Banks)	75.3	28.12	0.21	47.3	7.7
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.1	2,608	0.15	8.9	-40.7
Aus NZ Bk Australia (Banks)	59.3	25.45	0.08	61.6	-14.2
National Australia Bk Australia (Banks)	54.0	27.70	...	37.8	-31.9
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.7	62.20	...	21.6	-7.2
China Mobile (HK) Hong Kong (Mobile Telecommunications)	192.8	75.30	-0.07	11.6	6.2
Commonwlth Bk of Aus Australia (Banks)	80.1	56.77	-0.47	63.5	12.8
Woolworths Australia (Food Retailers Wholesalers)	32.0	28.24	-0.49	12.9	3.6
Cheung Kong Hong Kong (Real Estate Holding Development)	30.1	100.90	-0.49	51.2	-1.5
Samsung Elec South Korea (Semiconductors)	106.1	814,000	-0.49	43.3	41.8

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.39%	1.65%	0.8%	0.7%	6.3%
Event Driven	0.34	2.35	2.5	2.4	15.7
Equity Long/Short	0.31	2.33	2.9	3.2	8.5

*Estimates as of 03/26/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

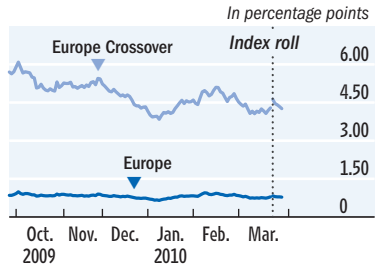
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 13/1	0.78	101.09%	0.01%	0.85	0.77	0.80
Eur. High Volatility: 13/1	1.18	99.13	0.01	1.28	1.17	1.20
Europe Crossover: 13/1	4.26	103.12	0.05	4.68	4.25	4.41
Asia ex-Japan IG: 13/1	0.96	100.18	0.01	1.05	0.96	0.99
Japan: 13/1	1.17	99.14	0.01	1.22	1.14	1.19

Note: Data as of March 29

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Mitsubishi Matls	97	-7	1	-26
Taisei	237	-7	-13	-114
Aeon	126	-5	3	-53
Nomura Hldgs	163	-3	-21	-50
Acom	272	-3	-7	-50
Mitsui OSK Lines	60	-2	...	-36
Sanyo Shinpan Fin	622	-2	-33	-115
Wharf Hldgs	78	-2	-6	-8
Sapporo Hldgs	134	-2	4	-17
Orix	247	-2	-1	-68

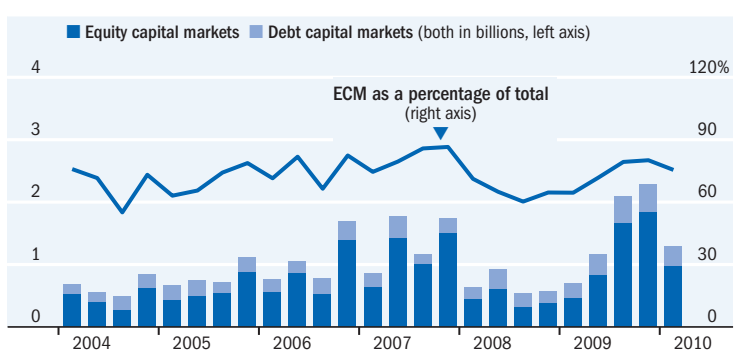
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Rep Korea	81	2	-4	-20
Mitsui Co	53	2	2	-18
Ptt Pub	97	2	-1	-9
Citigroup Japan Hldgs	128	3	-2	-32
Mitsubishi	45	3	...	-11
Woori Bk	113	3	-4	-24
China Dev Bk	105	3	-3	-7
Hana Bank	109	4	-2	-20
Furukawa Elec	106	4	2	-9
Korea Expwy	65	5	-4	-18

Source: Markit Group

Behind Asia's deals: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

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GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**358.25**	1.25	**0.35%**	714.00	325.00
Soybeans (cents/bu.)	CBOT	**969.50**	2.00	**0.21**	1,087.50	819.75
Wheat (cents/bu.)	CBOT	**468.50**	3.75	**0.81**	745.00	462.25
Live cattle (cents/lb.)	CME	**92.925**	0.025	**0.03**	96.300	83.075
Cocoa ($/ton)	ICE-US	**2,974**	49	**1.68**	3,514	2,066
Coffee (cents/lb.)	ICE-US	**138.05**	-0.10	**-0.07%**	190.40	118.30
Sugar (cents/lb.)	ICE-US	**17.59**	0.08	**0.46**	29.00	11.90
Cotton (cents/lb.)	ICE-US	**80.10**	-0.33	**-0.41**	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	**2,545.00**	25	**0.99**	2,720	2,409
Cocoa (pounds/ton)	LIFFE	**2,258**	12	**0.53**	2,356	1,475
Robusta coffee ($/ton)	LIFFE	**1,356**	-15	**-1.09**	1,605	1,212
Copper (cents/lb.)	COMEX	**355.70**	2.15	**0.61**	357.55	140.00
Gold ($/troy oz.)	COMEX	**1102.90**	-8.60	**-0.77**	1,230.00	532.00
Silver (cents/troy oz.)	COMEX	**1730.00**	-8.70	**-0.50**	1,949.50	916.00
Aluminum ($/ton)	LME	**2,296.00**	44.00	**1.95**	2,356.50	1,376.00
Tin ($/ton)	LME	**18,375.00**	475.00	**2.65**	18,375.00	10,200.00
Copper ($/ton)	LME	**7,821.00**	161.50	**2.11**	7,821.00	4,002.00
Lead ($/ton)	LME	**2,166.00**	-19.00	**-0.87**	2,615.00	1,250.00
Zinc ($/ton)	LME	**2,360.00**	55.00	**2.39**	2,659.00	1,292.00
Nickel ($/ton)	LME	**24,195**	175	**0.73**	24,195	9,520
Crude oil ($/bbl.)	NYMEX	**82.36**	0.19	**0.23**	132.95	52.95
Heating oil ($/gal.)	NYMEX	**2.1316**	0.0030	**0.14**	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	**2.2697**	0.0069	**0.30**	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	**3.870**	-0.046	**-1.17**	10.430	3.847
Brent crude ($/bbl.)	ICE-EU	**81.85**	0.28	**0.34**	147.38	50.55
Gas oil ($/ton)	ICE-EU	**675.50**	-1.50	**-0.22**	696.00	552.00

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 30

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.1981	0.1924	3.8763	0.2580
Brazil real	2.4107	0.4148	1.7977	0.5563
Canada dollar	1.3661	0.7320	1.0188	0.9816
1-mo. forward	1.3662	0.7320	1.0188	0.9816
3-mos. forward	1.3663	0.7319	1.0189	0.9815
6-mos. forward	1.3675	0.7313	1.0197	0.9807
Chile peso	706.37	0.001416	526.75	0.001898
Colombia peso	2587.39	0.0003865	1929.45	0.0005183
Ecuador US dollar-f	1.3410	0.7457	1	1
Mexico peso-a	16.6465	0.0601	12.4135	0.0806
Peru sol	3.8084	0.2626	2.8400	0.3521
Uruguay peso-e	26.217	0.0381	19.550	0.0512
U.S. dollar	1.3410	0.7457	1	1
Venezuela bolivar	5.76	0.173637	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4603	0.6848	1.0890	0.9183
China yuan	9.1535	0.1092	6.8259	0.1465
Hong Kong dollar	10.4126	0.0960	7.7648	0.1288
India rupee	60.4590	0.0165	45.0850	0.0222
Indonesia rupiah	12190	0.0000820	9090	0.0001100
Japan yen	124.57	0.008027	92.90	0.010765
1-mo. forward	124.55	0.008029	92.88	0.010767
3-mos. forward	124.51	0.008032	92.85	0.010770
6-mos. forward	124.40	0.008039	92.77	0.010780
Malaysia ringgit-c	4.3837	0.2281	3.2690	0.3059
New Zealand dollar	1.8905	0.5290	1.4097	0.7094
Pakistan rupee	112.912	0.0089	84.200	0.0119
Philippines peso	60.633	0.0165	45.215	0.0221
Singapore dollar	1.8773	0.5327	1.3999	0.7143
South Korea won	1518.01	0.0006588	1132.00	0.0008834
Taiwan dollar	42.651	0.02345	31.805	0.03144
Thailand baht	43.375	0.02305	32.345	0.03092

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7457	1.3410
1-mo. forward	1.0000	1.0000	0.7457	1.3410
3-mos. forward	0.9999	1.0001	0.7457	1.3411
6-mos. forward	1.0000	1.0000	0.7457	1.3410
Czech Rep. koruna-b	25.468	0.0393	18.992	0.0527
Denmark krone	7.4458	0.1343	5.5524	0.1801
Hungary forint	266.85	0.003747	198.99	0.005025
Norway krone	8.0400	0.1244	5.9955	0.1668
Poland zloty	3.8757	0.2580	2.8902	0.3460
Russia ruble-d	39.582	0.02526	29.517	0.03388
Sweden krona	9.7599	0.1025	7.2781	0.1374
Switzerland franc	1.4311	0.6988	1.0672	0.9370
1-mo. forward	1.4307	0.6989	1.0669	0.9373
3-mos. forward	1.4300	0.6993	1.0664	0.9378
6-mos. forward	1.4287	0.6999	1.0654	0.9386
Turkey lira	2.0533	0.4870	1.5312	0.6531
U.K. pound	0.8886	1.1254	0.6626	1.5091
1-mo. forward	0.8887	1.1252	0.6627	1.5089
3-mos. forward	0.8891	1.1248	0.6630	1.5083
6-mos. forward	0.8895	1.1243	0.6633	1.5076
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5056	1.9779	0.3770	2.6524
Egypt pound-a	7.3789	0.1355	5.5025	0.1817
Israel shekel	4.9691	0.2012	3.7055	0.2699
Jordan dinar	0.9498	1.0529	0.7083	1.4119
Kuwait dinar	0.3873	2.5821	0.2888	3.4626
Lebanon pound	2012.17	0.0004970	1500.50	0.0006665
Saudi Arabia riyal	5.0290	0.1988	3.7502	0.2667
South Africa rand	9.9116	0.1009	7.3912	0.1353
United Arab dirham	4.9255	0.2030	3.6730	0.2723
SDR -f	0.8825	1.1331	0.6581	1.5195

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	128.92	1.03	**0.81%**	4.8%	54.2%
...	Australia	SPX/ASX 200	4916.79	19.52	**0.40**	0.9	37.3
...	China	CBN 600	27991.10	71.69	**0.26**	-3.7	36.1
16	Hong Kong	Hang Seng	21374.79	137.36	**0.65**	-2.3	57.4
20	India	Sensex	17590.17	-121.18	**-0.68%**	0.7	81.2
...	Indonesia	Jakarta Composite	2798.268	3.497	**0.13**	10.4	95.1
...	Japan	Nikkei Stock Average	11097.14	110.67	**1.01**	5.2	36.8
...		Topix	979.58	13.45	**1.39**	7.9	26.6
...	Malaysia	Kuala Lumpur Composite	1319.35	0.14	**0.01**	3.7	51.2
...	New Zealand	NZSX-50	3249.648	-1.452	**-0.04**	0.6	25.4
8	Pakistan	KSE 100	10073.76	17.30	**0.17**	7.3	46.8
14	Philippines	Manila Composite	3202.17	24.61	**0.77**	4.9	61.2
...	Singapore	Straits Times	2933.39	4.25	**0.15**	1.2	72.6
11	South Korea	Kospi	1700.19	8.20	**0.48**	1.0	40.9
19	Taiwan	Weighted	7962.22	14.77	**0.19**	-2.8	52.8
10	Thailand	SET	788.80	17.40	**2.26**	7.4	82.8
23	**EUROPE**	Stoxx Europe 600	263.87	-0.02	**-0.01**	4.2	49.7
14		Stoxx Europe 50	2633.74	2.77	**0.11**	2.1	45.2
27	**Euro Zone**	Euro Stoxx	277.61	-1.18	**-0.42%**	1.0%	45.1%
14		Euro Stoxx 50	2939.68	-7.81	**-0.26**	-0.9	42.1
20	Denmark	OMX Copenhagen	358.44	0.28	**0.08%**	13.5	70.7
21	Finland	OMX Helsinki	7295.06	-25.92	**-0.35**	13.0	58.5
16	France	CAC-40	3987.41	-13.25	**-0.33**	1.3	42.0
15	Germany	DAX	6142.45	-14.40	**-0.23**	3.1	50.4
13	Italy	FTSE MIB	23003.34	-101.63	**-0.44**	-1.1	44.9
...	Netherlands	AEX	343.60	-0.36	**-0.10**	2.5	58.4
...	Russia	RTSI	1562.29	10.72	**0.69**	9.5	126.5
10	Spain	IBEX 35	10980.7	-110.3	**-0.99**	-8.0	40.5
16	Switzerland	SMI	6871.42	20.84	**0.30**	5.0	39.5
...	Turkey	ISE National 100	56754.41	86.21	**0.15**	7.4	120.3
14	U.K.	FTSE 100	5672.32	-38.34	**-0.67**	4.8	44.5
18	**AMERICAS**	DJ Americas	313.27	1.29	**0.41**	5.7	52.8
...	Brazil	Bovespa	69995.72	56.60	**0.08**	2.1	68.6
...	Argentina	Merval	2412.41	-5.31	**-0.22**	4.0	112.9
19	Mexico	IPC	33371.62	-44.48	**-0.13**	3.9	68.0

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2403.46	11.30	**0.47%**	3.7%	55.6%	-6.1%
1.92	19	**Global DOW**	2032.82	10.61	**0.52**	2.4	50.9	-2.8
2.43	15	**Global Titans 50**	173.76	0.32	**0.18**	0.1	38.6	-8.4
2.18	25	**Asia/Pacific TSM**	1274.34	10.04	**0.79**	4.8	58.0	-4.1
2.42	15	**Asia/Pacific ex-Japan TSM**	3152.95	17.29	**0.55**	2.5	79.6	1.8
2.78	14	**Europe TSM**	2629.43	7.81	**0.30**	-1.8	53.6	-10.6
1.86	14	**Emerging Markets TSM**	4196.30	29.90	**0.72**	3.5	87.6	2.4
2.45	33	**Asian Titans 50**	140.88	1.45	**1.04**	4.9	52.1	-5.6
6.37	6	**BRIC 50**	597.23	3.63	**0.61**	-0.1	80.2	6.7
0.86	27	**CBN China 600** -c	27991.10	71.69	**0.26**	-3.7	36.1	8.1
2.35	18	**China Offshore 50**	4009.63	48.75	**1.23**	-1.7	48.4	7.3
0.89	30	**Shanghai** -c	378.67	0.95	**0.25**	-2.3	37.1	8.2

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	413.34	1.77	**0.43%**	-0.8%	52.2%	13.9%
1.84	22	**U.S. TSM**	12115.82	41.29	**0.34**	6.4	50.6	-5.5
4.83	14	**Global Select Div** -d	200.48	0.56	**0.28**	-0.7	79.1	-10.0
5.34	14	**Asia/Pacific Select Div** -d	277.23	1.80	**0.65**	3.2	91.1	-9.9
3.70	14	**Hong Kong Select Div** -d	196.73	1.09	**0.56**	5.0	62.1	1.5
4.23	15	**U.S. Select Dividend** -d	333.40	1.04	**0.31**	5.6	47.5	-12.8
1.80	15	**Islamic Market**	2028.58	8.67	**0.43**	2.7	48.1	-1.6
2.00	15	**Islamic Market 100**	2143.08	7.98	**0.37**	1.0	36.0	-2.1
2.60	17	**Islamic China/HK Titans 30**	1516.08	10.98	**0.73**	2.0	52.2	2.6
1.55	12	**Sustainability Korea**	1240.09	12.42	**1.01**	2.9	77.4	1.3
3.40	17	**Brookfield Infrastructure**	2053.38	5.01	**0.24**	1.3	45.9	-4.5
		DJ-UBS Commodity -p	132.07	2.37	**1.83**	-5.1	23.3	-8.5

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.089	0.663	1.019	6.826	0.746	7.765	45.085	9090.08	92.895	1.410	1132.00	3.269	45.215	1.400	1.067	31.805	32.345
Australia	0.918		0.608	0.936	6.268	0.685	7.130	41.402	8347.42	85.305	1.295	1039.52	3.002	41.521	1.286	0.980	29.207	29.702
Britain	1.509	1.643		1.537	10.301	1.125	11.718	68.040	13718.30	140.193	2.128	1708.36	4.933	68.236	2.113	1.611	47.999	48.813
Canada	0.982	1.069	0.650		6.700	0.732	7.622	44.255	8922.78	91.185	1.384	1111.17	3.209	44.383	1.374	1.048	31.220	31.750
China	0.1465	0.160	0.097	0.149		0.109	1.138	6.605	1331.71	13.609	0.207	165.84	0.479	6.624	0.205	0.156	4.659	4.739
Euro	1.341	1.460	0.889	1.366	9.153		10.413	60.459	12189.80	124.572	1.890	1518.02	4.384	60.633	1.877	1.431	42.651	43.375
Hong Kong	0.129	0.140	0.085	0.131	0.879	0.096		5.806	1170.68	11.964	0.182	145.79	0.421	5.823	0.180	0.137	4.096	4.166
India	0.0222	0.0242	0.0147	0.0226	0.1514	0.0165	0.1722		201.62	2.0604	0.0313	25.11	0.0725	1.0029	0.0311	0.0237	0.7054	0.7174
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0008	0.0001	0.0009	0.0050		0.0102	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.073	0.008	0.084	0.485	97.85		0.015	12.19	0.035	0.487	0.015	0.011	0.342	0.348
New Zealand	0.709	0.772	0.470	0.723	4.842	0.529	5.508	31.981	6448.05	65.895		802.99	2.319	32.073	0.993	0.757	22.561	22.944
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0007	0.0069	0.0398	8.03	0.0821	0.0012		0.0029	0.0399	0.0012	0.0009	0.0281	0.0286
Malaysia	0.306	0.333	0.203	0.312	2.088	0.228	2.375	13.792	2780.73	28.417	0.431	346.29		13.832	0.428	0.326	9.729	9.895
Philippines	0.022	0.024	0.015	0.023	0.151	0.016	0.172	0.997	201.04	2.055	0.031	25.04	0.072		0.031	0.024	0.703	0.715
Singapore	0.714	0.778	0.473	0.728	4.876	0.533	5.547	32.206	6493.38	66.358	1.007	808.63	2.335	32.299		0.762	22.719	23.105
Switzerland	0.937	1.020	0.621	0.955	6.396	0.699	7.276	42.246	8517.69	87.046	1.321	1060.72	3.063	42.368	1.312		29.802	30.308
Taiwan	0.031	0.034	0.021	0.032	0.215	0.023	0.244	1.418	285.81	2.921	0.044	35.59	0.103	1.422	0.044	0.034		1.017
Thailand	0.031	0.034	0.020	0.031	0.211	0.023	0.240	1.394	281.04	2.872	0.044	35.00	0.101	1.398	0.043	0.033	0.983	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 30, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	307.16	-0.66%	**2.6%**	64.1%
2.50	24	**World (Developed Markets)**	1,200.62	-0.60	**2.8**	59.9
1.80	83	**World Small Cap**	204.00	-0.57	**7.3**	84.1
2.50	21	**Kokusai (World ex-Japan)**	1,186.44	-0.69	**2.3**	63.0
3.00	23	**EAFE**	1,580.52	-0.52	**-0.0**	58.4
2.20	20	**Emerging Markets (EM)**	1,003.67	-1.05	**1.4**	101.0
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	423.49	-0.86	**1.7**	97.7
2.20	22	**AC Far East ex-Japan**	452.55	-0.74	**0.6**	88.2
1.70	145	**Japan**	604.77	-0.04	**6.4**	29.5
2.00	19	**China**	63.57	1.25	**-1.9**	75.4
0.90	37	**China A (China Domestic)**	3,214.79	2.30	**-4.9**	57.6
2.60	23	**Hong Kong**	10,529.51	0.62	**3.5**	67.9
0.90	20	**India**	721.36	0.16	**2.0**	112.2
1.30	16	**Korea**	480.42	-0.24	**-0.1**	64.8
2.30	20	**Malaysia**	483.25	0.34	**2.9**	45.9
3.10	17	**Singapore**	1,623.48	0.97	**-0.1**	81.2
2.70	234	**Taiwan**	283.50	0.75	**-4.2**	64.3
3.30	18	**Thailand**	319.50	-1.68	**5.9**	81.6
3.60	25	**Australia**	1,014.58	-0.06	**1.3**	47.0
5.00	16	**New Zealand**	84.25	-0.03	**-3.4**	15.3
1.90	28	**US BROAD MARKET**	1,310.10	-0.58	**5.9**	63.1
3.40	16	**EUROPE**	91.53	0.11	**3.7**	51.4

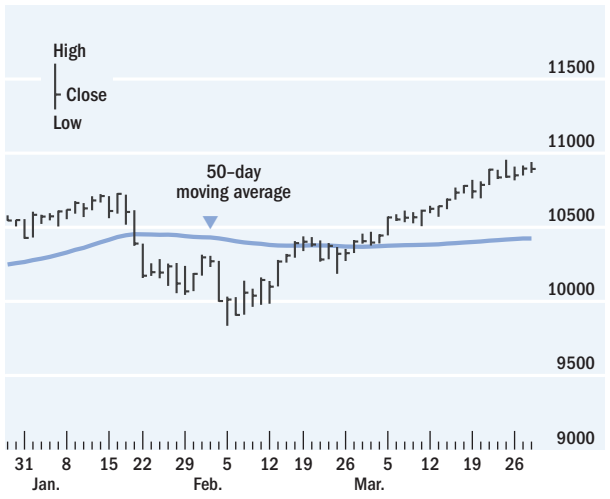
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10893.51** ▼ 2.35, or 0.02%
YEAR TO DATE: ▲ **465.46, or 4.5%**
OVER 52 WEEKS ▲ **3,284.59, or 43.2%**



Nasdaq Composite Index P/E: 17*

LAST: **2402.70** ▼ 1.66, or 0.07%
YEAR TO DATE: ▲ **133.55, or 5.9%**
OVER 52 WEEKS ▲ **874.11, or 57.2%**

S&P 500 Index P/E: 23

LAST: **1171.69** ▼ 1.53, or 0.13%
YEAR TO DATE: ▲ **56.59, or 5.1%**
OVER 52 WEEKS ▲ **373.82, or 46.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**29.10**	$26.01	-0.50	**-1.89%**
Alcoa	AA	**16.50**	14.37	-0.07	**-0.48**
AmExpress	AXP	**2.90**	41.26	-0.04	**-0.10**
BankAm	BAC	**95.90**	17.79	-0.25	**-1.39**
Boeing	BA	**2.70**	73.33	-0.78	**-1.05**
Caterpillar	CAT	**3.90**	63.23	-0.25	**-0.40**
Chevron	CVX	**3.30**	75.28	0.05	**0.07**
CiscoSys	CSCO	**20.40**	26.57	0.06	**0.23**
CocaCola	KO	**3.80**	54.86	0.09	**0.17**
Disney	DIS	**13.60**	34.99	-0.17	**-0.48**
DuPont	DD	**3.80**	37.69	-0.03	**-0.08**
ExxonMobil	XOM	**9.70**	66.98	-0.32	**-0.48**
GenElec	GE	**33.60**	18.37	-0.03	**-0.16**
HewlettPk	HPQ	**5.10**	53.09	0.12	**0.23**
HomeDpt	HD	**5.00**	32.71	0.11	**0.34**
Intel	INTC	**24.20**	22.29	-0.04	**-0.18**
IBM	IBM	**1.80**	128.68	0.09	**0.07**
JPMorgChas	JPM	**16.20**	44.51	-0.35	**-0.78**
JohnsJohns	JNJ	**4.70**	64.89	0.07	**0.11**
KftFoods	KFT	**5.60**	30.48	-0.06	**-0.20**
McDonalds	MCD	**2.80**	67.34	0.27	**0.40**
Merck	MRK	**5.70**	37.67	-0.22	**-0.59**
Microsoft	MSFT	**19.20**	29.66	0.07	**0.24**
Pfizer	PFE	**27.00**	17.22	-0.06	**-0.35**
ProctGamb	PG	**3.40**	63.66	-0.07	**-0.11**
3M	MMM	**4.50**	83.94	2.58	**3.16**
TravelersCos	TRV	**1.80**	53.96	-0.80	**-1.46**
UnitedTech	UTX	**1.70**	74.22	0.22	**0.30**
Verizon	VZ	**27.10**	31.37	0.92	**3.02**
WalMart	WMT	**3.40**	55.86	0.12	**0.22**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**429.7**	$4.12	–$0.07	**–1.56%**
SiriusXM	SIRI	**123.8**	0.84	0.00	**0.20**
BankAm	BAC	**96.6**	17.80	–0.24	**–1.33**
SPDR S&P 500	SPY	**92.7**	117.35	0.03	**0.03**
FordMotor	F	**78.6**	13.28	–0.29	**–2.14**
GenVec	GNVC	**65.3**	0.78	–2.03	**–72.22**
DrxFinancBear 3x	FAZ	**37.1**	13.48	0.17	**1.28**
GenElec	GE	**33.9**	18.39	–0.01	**–0.05**
PwrShrs QQQ	QQQQ	**31.8**	48.32	0.09	**0.19**
SPDR FnclSelSct	XLF	**31.1**	15.94	–0.08	**–0.50**
iShrMSCIEmrgMkt	EEM	**30.2**	41.98	0.14	**0.33**
AT&T	T	**29.8**	26.01	–0.50	**–1.89**
Verizon	VZ	**28.9**	31.37	0.92	**3.02**
Pfizer	PFE	**27.1**	17.22	–0.06	**–0.35**
SynovusFnl	SNV	**26.5**	3.29	0.04	**1.23**

Biggest gainers...

LGL Grp	LGL	**164.7**	$6.00	$1.95	**48.19%**
WhtElecDsgn	WEDC	**8,861.2**	6.98	1.52	**27.84**
Versar	VSR	**762.2**	3.50	0.76	**27.61**
AmbacFnl 5.95	AKF	**87.5**	5.57	0.87	**18.51**
AmbacFnl 5.875	AKT	**166.9**	5.54	0.83	**17.62**

...Biggest losers

GenVec	GNVC	**65,302.5**	$0.78	-$2.03	**-72.22%**
ZST DgtNtwk	ZSTN	**812.2**	7.79	-1.53	**-16.42**
CharmShop	CHRS	**4,503.4**	5.75	-0.96	**-14.25**
ChGengShngMnr	CHGS	**476.3**	2.81	-0.42	**-13.00**
HKHighpwerTech	HPJ	**466.8**	5.60	-0.80	**-12.50**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.31	**Taiwan Semi**	TSM	**6,916.6**	$10.51	-0.03	**-0.33%**
4.24	2.28	**Utd Microelectronics**	UMC	**2,417.7**	3.72	0.08	**2.20**
82.74	42.33	**BHP Billiton**	BHP	**2,349.4**	81.10	0.33	**0.41**
15.95	9.58	**China Unicom**	CHU	**1,865.5**	11.20	-0.32	**-2.78**
6.84	4.79	**Mitsu UFJ Fnl**	MTU	**1,336.4**	5.37	0.00	**-0.04**
8.19	5.63	**Siliconware Prec Ind**	SPIL	**1,251.7**	6.03	-0.07	**-1.23**
62.37	25.25	**Infosys Tech**	INFY	**1,086.7**	59.98	-0.32	**-0.53**
13.30	7.91	**AU Optrncs**	AUO	**834.7**	11.26	-0.13	**-1.10**
5.23	2.36	**Adv Semi Engrg**	ASX	**733.0**	4.46	0.04	**0.90**
59.22	42.00	**China Mobile**	CHL	**607.6**	48.81	0.25	**0.51**
6.68	1.78	**SemiMfgInt**	SMI	**528.9**	6.59	0.53	**8.75**
18.64	14.82	**SK Telecom**	SKM	**412.4**	17.57	-0.01	**-0.06**
9.82	6.24	**Telecom Corp of NZ**	NZT	**403.1**	7.75	0.00	**0**
34.27	14.19	**Aluminum Cp of China**	ACH	**393.2**	26.14	0.56	**2.19**
91.97	63.00	**Toyota Motor**	TM	**371.6**	81.24	0.26	**0.32**
20.49	16.87	**ChunghwaTel**	CHT	**370.4**	19.33	-0.08	**-0.41**
40.45	20.49	**Sony**	SNE	**320.7**	38.66	0.23	**0.60**
81.00	47.60	**China Life Ins**	LFC	**304.2**	71.50	0.17	**0.24**
46.81	28.82	**Canon**	CAJ	**297.1**	46.39	0.52	**1.13**
18.20	8.88	**Korea Elec Pwr**	KEP	**266.3**	16.54	0.10	**0.61**
25.65	6.85	**Yanzhou Coal Mining**	YZC	**214.0**	23.89	0.12	**0.50**
135.92	78.11	**PetroChina**	PTR	**205.0**	116.89	1.93	**1.68**
24.09	18.18	**NTT**	NTT	**185.6**	21.09	0.14	**0.67**
9.50	5.01	**Nomura Hldgs**	NMR	**176.8**	7.57	-0.04	**-0.53**
16.40	2.55	**City Telecom**	CTEL	**172.3**	16.10	0.23	**1.45**
150.50	64.01	**POSCO**	PKX	**159.2**	118.64	-1.26	**-1.05**
59.81	42.12	**Philp Lng Dst Tel**	PHI	**157.6**	53.89	-1.14	**-2.07**
41.87	24.50	**Telekom Indonesia**	TLK	**153.0**	35.41	0.15	**0.43**
171.59	97.77	**CNOOC**	CEO	**123.8**	167.71	1.23	**0.74**
94.00	59.38	**China Petro & Chem**	SNP	**122.2**	81.91	0.05	**0.06**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

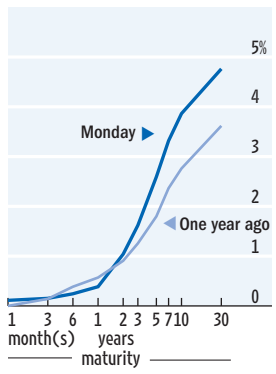
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**5.030%**	**397.1**	395.7	374.1	**231.3**	**5.005%**	4.560%	**3.168%**
4.500	10	**5.805**	**192.3**	192.1	188.3	**194.3**	**5.795**	5.497	**4.665**
5.000	**Austria** 2	**1.247**	**18.8**	15.8	51.1	**27.2**	**1.206**	1.330	**1.127**
3.900	10	**3.497**	**-38.5**	-36.4	-3.6	**131.4**	**3.510**	3.578	**4.036**
2.000	**Belgium** 2	**1.067**	**0.8**	-1.3	31.0	**97.4**	**1.035**	1.129	**1.829**
3.750	10	**3.574**	**-30.8**	-27.6	5.5	**123.6**	**3.598**	3.669	**3.958**
1.500	**Canada** 2	**1.734**	**67.5**	65.6	31.5	**26.8**	**1.704**	1.134	**1.123**
3.750	10	**3.589**	**-29.3**	-29.4	-22.0	**9.8**	**3.580**	3.394	**2.820**
4.000	**Denmark** 2	**1.558**	**49.9**	52.9	86.0	**95.6**	**1.577**	1.679	**1.811**
4.000	10	**3.402**	**-48.0**	-45.1	-19.5	**70.1**	**3.423**	3.419	**3.423**
3.750	**France** 2	**0.917**	**-14.2**	-12.9	13.6	**47.8**	**0.919**	0.955	**1.333**
3.500	10	**3.452**	**-43.0**	-41.5	-19.2	**92.0**	**3.459**	3.422	**3.642**
1.000	**Germany** 2	**0.989**	**-7.0**	-14.8	4.0	**41.1**	**0.900**	0.859	**1.266**
3.250	10	**3.114**	**-76.8**	-74.0	-50.5	**30.8**	**3.134**	3.109	**3.030**
0.640	**Hong Kong** 2	**0.895**	**-16.4**	-16.9	-15.6	**-3.7**	**0.879**	0.663	**0.818**
2.160	10	**2.967**	**-91.5**	-92.5	-81.3	**-64.2**	**2.949**	2.801	**2.080**
5.000	**Italy** 2	**1.355**	**29.6**	29.8	61.4	**108.0**	**1.346**	1.433	**1.935**
4.250	10	**3.888**	**0.6**	4.8	37.1	**170.2**	**3.922**	3.985	**4.424**
0.200	**Japan** 2	**0.177**	**-88.2**	-87.3	-66.4	**-44.5**	**0.175**	0.155	**0.410**
1.400	10	**1.399**	**-248.3**	-246.8	-230.5	**-139.1**	**1.406**	1.309	**1.331**
2.500	**Netherlands** 2	**0.883**	**-17.6**	-14.8	9.9	**61.0**	**0.900**	0.918	**1.465**
3.500	10	**3.356**	**-52.6**	-49.9	-21.3	**104.0**	**3.375**	3.401	**3.762**
5.000	**Portugal** 2	**1.724**	**66.5**	68.2	130.0	**124.9**	**1.730**	2.119	**2.104**
4.800	10	**4.291**	**40.9**	42.2	90.3	**183.9**	**4.296**	4.517	**4.561**
5.350	**Spain** 2	**1.113**	**5.4**	10.8	46.5	**98.6**	**1.156**	1.284	**1.841**
4.000	10	**3.841**	**-4.1**	-2.7	27.9	**134.8**	**3.847**	3.893	**4.070**
2.750	**Switzerland** 2	**0.460**	**-59.9**	-57.4	-38.2	**-37.9**	**0.474**	0.437	**0.476**
2.250	10	**1.924**	**-195.8**	-194.4	-170.6	**-58.8**	**1.930**	1.908	**2.134**
3.250	**U.K.** 2	**1.005**	**-5.4**	-4.8	12.3	**34.3**	**1.000**	0.942	**1.198**
3.750	10	**3.987**	**10.5**	10.5	41.9	**44.7**	**3.979**	4.033	**3.169**
1.000	**U.S.** 2	**1.059**	**...**	...	...	**...**	**1.048**	0.819	**0.855**
3.625	10	**3.882**	**...**	...	...	**...**	**3.874**	3.614	**2.722**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.762%**	15.87	–3.26 %	–0.96 %	–0.96 %	–13.62 %
10-year Treasury	**3.864**	8.18	–1.91	0.71	0.71	–5.38
7 Year Treasury	**3.318**	6.21	–1.33	1.61	1.61	–0.95
Five-year Treasury	**2.594**	4.67	–1.06	1.30	1.30	0.38
Ryan Index	**2.866**	6.63	–1.42	0.72	0.72	–2.60
3 Year Treasury	**1.619**	2.89	–0.60	0.96	0.96	2.20
Two-year Treasury	**1.040**	1.98	–0.35	0.63	0.63	1.76
1 Year Treasury	**0.386**	0.95	–0.02	0.22	0.22	1.14
Six-month Treasury	**0.244**	0.50	0.01	0.05	0.05	0.50
Ryan Cash Index-a	**0.223**	0.44	...	0.08	0.08	0.51
Three-month bill	**0.152**	0.25	0.01	0.03	0.03	0.28
One-month bill	**0.112**	0.07	0.01	0.01	0.01	0.10

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.52**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.24863%**	0.50063%
Three month	**0.29088**	1.19188
Six month	**0.44188**	1.73563
One year	**0.91469**	1.97188

	Latest	52 wks ago
Euro Libor		
One month	**0.36563%**	1.11750%
Three month	**0.58000**	1.50625
Six month	**0.88500**	1.67750
One year	**1.18625**	1.82563
Hibor		
One month	**0.09929**	0.31643%
Three month	**0.14893**	0.89786
Six month	**0.25000**	1.20000
One year	**0.58750**	1.54071
Asian dollars		
One month	**0.2541%**	0.51%
Three month	**0.2905**	1.2020
Six month	**0.4326**	1.7440
One year	**0.9000**	1.9730

	Offer	Bid
Eurodollars		
One month	**0.3100%**	0.2100%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.21%**	0.23%
U.K. (BBA)	**0.508**	0.722
Euro zone	**0.32**	1.01

Sources: WSJ Market Data Group; Reuters

Strait view

Fubon Financial hopes to ride a wave of China-Taiwan liberalization.

- **April 2004** Fubon Financial acquires a 75% stake in International Bank of Asia from Hong Kong's Arab Banking and China Everbright (The bank is renamed Fubon Bank in April 2005)
- **May 2008** Taiwan President Ma Ying-jeou is inaugurated
- **December** Fubon Hong Kong acquires a 19.9% stake in Xiamen Bank
- **November 2009** Taiwan and China sign a memorandum of understanding for cooperation in financial supervision.
- **December** Taiwan-China ECFA talks kick off; Fubon obtains approval to set up a property-insurance firm in China
- **March 2010** Fubon announces it will set up a leasing joint venture with China's Citic Group. On Monday, Fubon announces it will form a fund-management joint venture with China's Founder Securities Co.

Taiwan's Fubon Financial President Victor Kung

Sources: WSJ reporting; Reuters (photo)

Fubon's march on China

Taiwan financial firm hopes to gain as cross-Strait barriers fall

By Andrew Browne And Ting-I Tsai

TAIPEI—**Fubon Financial Holding** Co. expects to launch insurance and fund-management ventures in mainland China by the end of this year, riding a wave of financial liberalization across the Taiwan Strait that could enable Taiwan's second-largest financial conglomerate to double its size in a decade, the group's president said on Tuesday.

In an exclusive interview, Victor Kung expressed optimism that an economic cooperation agreement now being hammered out between Taipei and Beijing could lead to preferential access for Taiwan financial-services companies to the vast Chinese market, giving them an edge over foreign players such as **HSBC Holdings** PLC and **Citigroup** Inc. **Cathay Financial Holding** Co. and Fubon are Taiwan's largest listed financial firms by assets.

"There's real potential if I can be considered 'local' in China," Mr. Kung said, adding that he was confident Taiwan institutions could achieve that status at least in Fujian province, which lies across the Taiwan Strait and has been a magnet for investment from the island.

Under that scenario, Mr. Kung predicted that within a decade Fubon could achieve the same scale in Fujian as it now enjoys in Taiwan. "That's our strategy, basically," he said.

His hopes have been boosted by signals emerging from the talks to create an Economic Cooperation Framework Agreement, or ECFA, aimed at lowering tariffs to boost cross-Strait trade and economic growth. China has adopted the attitude of "big brother taking care of smaller brother," Mr. Kung said. He added that another positive sign was a visit by Chinese President Hu Jintao to Fujian province during this year's Lunar New Year holiday.

An opening of China's banking market would enable Fubon to chase business among Taiwan investors in China, which Mr. Kung described as "low-hanging fruit." He thinks that could be achieved through three or four bank branches in major coastal cities, including Shanghai. But the real prize, he said, would be domestic Chinese business that would flow from Fubon being granted local status, starting in Fujian, which enjoys close ethnic and cultural links with Taiwan. Fubon already has a strong banking presence in Fujian through a 19.9% stake in **Xiamen Bank** Co.

"We don't imagine that we can be nationwide in China," he said.

On Monday, Fubon announced that a subsidiary, Fubon Securities Co., will form a 200 million yuan, or $33 million, fund-management joint venture with China's **Founder Securities** Co. Mr. Kung said that he was "quite optimistic" that the venture would receive an operating license before the end of this year. China hasn't issued fund-management licenses for several years.

Fubon announced in December that it had obtained approval to set up a property-insurance venture in Fujian. Mr. Kung said he expected the venture would be allowed to start business this year. He called general insurance in China a "lousy business," spoiled by excessive competition and low premiums. But Fubon hopes to make a success of its venture by "trying something new," including sales through direct mail and telemarketing. It's a big market—we have to be there," he said, referring to the insurance venture.

In early March, Fubon said it plans to set up a 500 million yuan leasing joint venture with China's **Citic Group**. Altogether, Mr. Kung said, Fubon's exposure to China is very modest—less than 1.5% of its total equity capital.

Taiwan's government announced in March that it would allow Chinese financial companies to invest in their Taiwanese counterparts and open branches on the island, allowing a single Chinese financial institution to own as much as 5% of a Taiwanese bank.

The financial sector is likely to be included in the first batch of sectors to enjoy favorable tax terms once the cooperation pact is signed. The island's makers of petrochemical, auto-parts, machinery and textile products will also likely receive favorable treatment.

BoCom profit rises, but growth slows

SHANGHAI—**Bank of Communications** Co., China's fifth-largest lender by assets, posted a 5.6% increase in 2009 net profit, driven by higher revenue from fee-based business, such as credit cards and wealth management.

The growth is the slowest since the state-run bank listed in Hong Kong in 2005, as China's easy monetary policy weighed on the profitability of its lending business. The bank, known as BoCom, said it will cut lending growth to 20% this year, about half of last year's level, and expects profit to rise on the rebound in the local economy.

The company, in which **HSBC Holdings** PLC owns a 19% stake, said its net profit for the 12 months ended Dec. 31 was 30.12 billion yuan ($4.41 billion), up from 28.52 billion yuan the previous year.

"I'm confident this year's earnings will be satisfactory and reasonable. We see growth in our assets—net interest margins will continue to recover from low levels last year," said Yu Yali, chief financial officer at BoCom.

The bank said the higher net profit last year was largely due to a 29% jump in net fee income from its credit-card business, and insurance and wealth-management products. The lender has been expanding its operations to include asset-management, trust, financial-leasing and insurance operations, and is seeking regulatory approval to set up a credit-card joint venture with HSBC.

In 2009, the bank issued 511 billion yuan worth of new loans, increasing its outstanding loans by 38% from the end of 2008.

It said the majority of new corporate loans last year went to public facilities, transportation and services, as it heeded the central government's call to help finance its four trillion yuan economic stimulus program.

But the rapid expansion didn't generate a corresponding increase in net interest income, which rose just 1% to 66.67 billion yuan, because Beijing's aggressive interest-rate cuts in 2008's second half hurt its net interest margin.

BoCom's capital base deteriorated following the flood of lending. Its capital-adequacy ratio—a measure of a bank's capital expressed as a percentage of its risk-weighted credit exposure—dropped to 12% from 13.47% at the end of 2008.

To replenish its capital, the bank is planning a 42 billion yuan rights issue in Shanghai and Hong Kong. The fund raising will enable the bank to keep a capital-adequacy ratio of at least 12% in the coming four years, said Chairman Hu Huaibang.

—Rose Yu and Aries Poon

Malaysia's CIMB takes aim at Southeast Asia

By Elffie Chew And Patrick Barta

KUALA LUMPUR—**CIMB Group Holdings** Bhd. plans to expand further in Southeast Asia, including Vietnam and Cambodia, as the Malaysian lender seeks to become the area's main regional bank.

The strategy, first outlined in June 2005, has triggered skepticism among some analysts and investors who question the value of linking up Southeast Asian markets that often do more business with China, the U.S. and Europe than with each other. Other top banks in Southeast Asia have focused on dominating their local markets, while CIMB's biggest regional rival, Singapore's **DBS Group Holdings**, has expanded into bigger places like China.

One of Malaysia's largest banks by assets, CIMB is betting that increasing ties among Southeast Asian economies will make its strategy pay off in the long run. A region of nearly 600 million people, with combined economic output of $1.2 trillion a year, Southeast Asia includes countries as diverse as the predominantly Roman Catholic Philippines and Communist-run Vietnam.

The 10-nation region aims to drop trade barriers to become a single market by as early as 2015. CIMB executives believe there will be an increasing number of companies that want banking services that span the region, including transactions in currencies ranging from Thai baht to the Indonesian rupiah.

In an interview, CIMB Chief Executive Nazir Razak said the bank recently applied for banking licenses in Vietnam and Cambodia and will build up operations there "organically." The timing of such plans, he said, would depend on when and if the bank gets approvals. The bank already has operations in Malaysia, Indonesia, Thailand, Singapore and Brunei, with more than 1,100 branches region-wide.

"We want to create one organization across Southeast Asia," he said, "that serves all countries by delivering financial products."

Mr. Nazir, who is the brother of Malaysian Prime Minister Najib Razak, is well regarded by many analysts for building the bank up from a relatively small local player, even if some question the regional plan.

CIMB was a relatively minor name in Asia until 2005, when it acquired Bumiputra-Commerce Group, a large Malaysian lender. After restructuring its operations, it engineered the merger of two Indonesian banks into CIMB Niaga, which became Indonesia's sixth-largest bank. In 2008, it acquired BankThai PCL, a Thai lender, expanding its presence in another big Southeast Asian market.

CIMB also rolled out an assertive advertising campaign, with giant billboards in airports bearing the slogan "No one knows Southeast Asia like we do." The push has succeeded, to a degree. Roughly 30% of CIMB's earnings now come from non-Malaysian operations, according to Citigroup. The bank has posted record profits in several of the past five years, and its market capitalization has surged to $14 billion from $3.3 billion, making it one of the fastest-growing banks in the region and the fifth-largest bank in Southeast Asia.

Whether it can catapult higher will depend on its success in newer markets. One reason other banks haven't tried to link up Southeast Asian countries more aggressively is that many of the countries see themselves as competitors, especially when it comes to attracting foreign direct investment or developing export markets.

Another potential problem is that the region's top banks, including Thailand's **Bangkok Bank** PCL, are well entrenched locally and have developed relationships with big companies that go back decades, making it hard for foreign players to gain a toehold. When local companies do need help with transactions that extend beyond their borders, they often prefer to work with big-name global banks, which can offer a wider range of services.

Some of that is changing. Some companies, including palm oil, coal and other commodity-related concerns, are ramping up investment in multiple Southeast Asian markets at once to capitalize on their expertise in the region. And some trade barriers among Southeast Asian countries are falling. Under one recent deal, most tariffs on trade among Indonesia, Thailand, Singapore, the Philippines, Malaysia and Brunei fell to zero at the start of 2010.

CIMB's strategy is "quite a novel approach" among Southeast Asian banks, says Stephen Hagger, Malaysia country head for Credit Suisse Group. It also is a challenge to execute, he says, though he believes CIMB's strong management means it could succeed.

"Anything cross-border is going to be challenging—just because something is successful in Malaysia doesn't mean it's going to work everywhere," he says. "But if anyone can pull it off, I'd think it'd be them."

StanChart details Indian listing

MUMBAI—U.K.-based **Standard Chartered** PLC will issue 220 million units of Indian depository receipts and is planning to raise more than $500 million, making it the first overseas company to list locally via the instrument.

The bank has filed a draft prospectus with capital-market regulator Securities and Exchange Board of India and expects to complete the listing process by the end of June, said bank spokesman Arijit De.

The main rationale for listing is brand-building and business development in India, which is the Asia-focused bank's second-largest market, the bank said.

The bank has hired Goldman Sachs (India) Securities Pvt. Ltd., UBS Securities India Pvt. Ltd., JM Financial Consultants Pvt. Ltd., DSP Merrill Lynch Ltd., Kotak Mahindra Capital Co. and SBI Capital Markets Ltd. as the arrangers of the issue, the statement said.

SEBI framed guidelines for IDRs in 2006, but the country's central bank just last year set up rules for issuing them. IDRs would be redeemable to investors only after the end of one year from the date of issue, the Reserve Bank of India said.

Foreign institutional investors and nonresident Indians would be allowed to trade the IDRs.

HEARD ON THE STREET

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Australia's banking crowd grows

A Sydney-based merger-and-acquisition adviser received a phone call recently from a headhunter looking for 30 or so M&A experts to open a new shop. It's the way things are going these days in Australia.

Shingles are popping up in both Sydney and Melbourne advertising new investment firms, while offshore banks are expanding their banking teams.

Barclays Capital hopes to have 12 M&A advisers on its team this year, up from zero this time last year. Park Avenue-based **Greenhill** & Co. is buying Australian financial advisory group Caliburn to gain a foothold. **Moelis** & Co., another New York City firm, sensing an opportunity to hire staff away from major banks, plans to build a business down under as well. The list goes on.

It's a bullish sign for the financial-services sector in Australia. But where's the work?

Investment-banking revenue in the first quarter of 2010 is at its lowest level in six years, Dealogic says. Certainly there was a spike in acquisitions in 2009—the highest profile being bids for Australian resources companies—but even that has fallen sharply.

The few initial public offerings—of department store Myer late last year and oil-services company Miclyn Express Offshore last week—haven't fared well either. Private-equity deal making, meanwhile, has been stalled as fund managers await a final decision from the Australian Tax Office about how asset-sale proceeds will be taxed.

This slump comes as activity elsewhere in the region has taken off. Australia accounted for 25% of investment-banking revenue in the Asian-Pacific region in the first quarter of 2009. A year later it accounts for 9%. Instead, it is in places like India, mainland China and Hong Kong that business is booming.

In other words, the build-out of banking teams is coming in anticipation of a pickup in activity. But even if that happens, new competition will eventually spell lower fees.

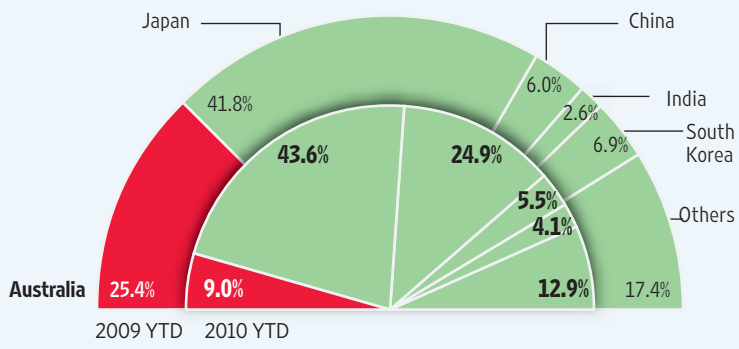
Certainly, Australia has been a standout in recovery: It never fell into recession,. Heavy demand for resources like iron ore and natural gas mean deal making in those sectors could continue.

The question Australia's investment banks have to ask themselves, though, is how many bankers can that support?

—Cynthia Koons

Shrinking slice

Market share of Asian-Pacific investment-banking revenue



Note: Figures do not add up to 100 due to rounding.
* Core investment banking includes debt, equity and M&A transactions.
Source: Dealogic

India bond investors' rose-tinted glasses

India's bond investors are relieved by New Delhi's borrowing plans. Their cheer masks the underlying risks for the year ahead.

The government on Monday said it plans to borrow $63.7 billion—63% of its annual goal—in the first half of the next financial year, which begins Thursday. In response, the bond market has rallied: The yield on 10-year government bonds is down 0.12 percentage point over the last two days.

The rationale for this? That government bond issuance will be slightly lower than expected, and below what New Delhi borrowed last year. Plus, the fund raising will be evenly spread out.

The relief, then, is over the notion that bond investors won't be overwhelmed by new sales, and India's private borrowers, who have raised a record $9 billion from the domestic market so far in 2010, won't be crowded out of the market.

In truth, however, the fundamentals are little changed. Certainly, New Delhi borrowed much more heavily last year, having raised $3 billion each week at the high point, but demand for credit from private companies was mostly absent. Even then, India's central bank had to help maintain demand for government debt by buying bonds back from the market and injecting cash into the banking system.

With inflation soaring, that isn't likely this year. Plus, New Delhi has a tendency to raise its borrowing target as the year goes on. Last year New Delhi wound up borrowing $20 billion more than it planned.

If the plan falls short again, debt issuance in the second half of the year could be higher than expected. Key to this will be the success of other fund-raising plans—like stake sales in state-owned companies—or failure by New Delhi to keep its spending under control.

Investors can take some comfort from the fact that some $24 billion of securities are maturing this year, which will give banks the ammunition to buy freshly issued bonds.

But it is a bit too early to throw a bond market party.

—Harsh Joshi

Toyota stock can withstand the legal heat

For investors, entry to a courtroom is a bit like entering a black hole. The usual laws of finance don't apply. Instead, stock prices can swing wildly according to the whims of one judge and jury.

Even so, history suggests a hard-fought battle between **Toyota Motor** and a growing band of litigants seeking damages need not spell disaster for investors. The risk of going to court is twofold. First, plaintiffs might win outsize awards. Second, the drip-feed of media coverage keeps the issue alive, potentially hurting sales.

Dana Taschner, managing attorney of Lanier Law Firm, sees a parallel with **Merck**'s Vioxx case. Merck's value plunged $28 billion when Vioxx was withdrawn, but the company then went to court. Two judgments against it, in August 2005 and August 2006, hit its stock price on the day by 7.7% and 5.7% respectively. Overall, however, Merck won more judgments than it lost. After August 2006 most judgments either way had little impact on its stock price, suggesting markets had moved on. By the time Merck announced a $4.85 billion settlement in November 2007, the stock had won back all the ground lost originally and actually overtaken the wider health-care sector.

Buying stocks on dips caused by negative litigation news is a risky strategy, as the tailwind of several victories can quickly falter in the face of just one harsh judgment. Still, hanging in there can work. Plaintiffs might gnash their teeth at the thought of their opponent prospering. But they can take comfort that a company with a buoyant stock price is better able to pay out.

—Liam Denning and Dionne Searcey

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MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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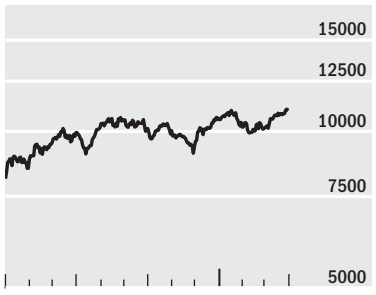
Asian index movers...

Nikkei Stock Average

Japan 11097.14

▲ **1.01% or 110.67**

The index reached its highest close since Oct. 2, 2008. Mining shares and wholesale traders outperformed the broader indexes as oil and gold futures gained overnight.



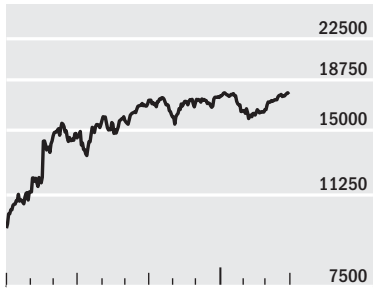
Stock	Volume in millions	Change Close	Change Net	Change %
Mizuho Fin	**174.78**	186	–1	–0.53
Mtshbsh Fin	**79.69**	497	4	0.81
Clarion	**69.77**	231	5	2.21
Hitachi	**66.43**	351	4	1.15
Toshiba	**43.60**	488	3	0.62

Sensex

India 17590.17

▲ **0.68% or 121.18**

The market snapped a four-session winning streak as investors ignored positive cues from most Asian markets to take profits. Tata Motors was among the gainers.



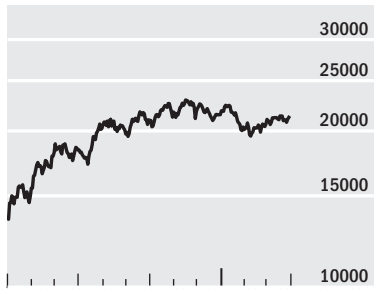
Stock	Volume in millions	Change Close	Change Net	Change %
Dlf-A	**2.58**	308.80	9.65	3.23
Hindalco-A	**1.88**	183.75	–0.20	–0.11
Jaiprak Asso-A	**1.20**	150.45	–0.10	–0.07
Icici Bank-A	**0.96**	960.05	7.00	0.73
Tata Motors-A	**0.84**	756.30	16.65	2.25

Hang Seng

Hong Kong 21374.79

▲ **0.65% or 137.36**

Funds bought blue chips a day ahead of the end of the first quarter to dress up their portfolios. SJM Holdings got an extra boost after posting strong 2009 earnings.



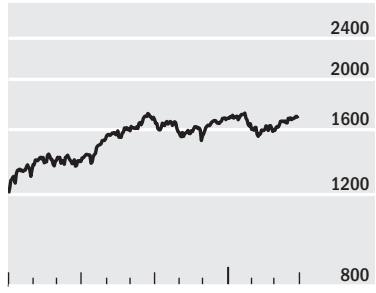
Stock	Volume in millions	Change Close	Change Net	Change %
Bank Of China	**367.15**	4.12	0.05	1.23
CCB	**319.20**	6.26	0.11	1.79
Icbc	**287.06**	5.88	0.13	2.26
ChinaPetroChem	**132.42**	6.35	0.01	0.16
PetroChina	**120.11**	9.04	0.15	1.69

Kospi

South Korea 1700.19

▲ **0.48% or 8.20**

Foreign buying offset continued fund redemption. Woori Finance jumped 6.7% and Hana Financial rose 4.7% on speculation that Hana may get involved in Woori's stake sale.



Stock	Volume in millions	Change Close	Change Net	Change %
Samyang Optics	**28.78**	1,635	–100	–5.76
Dongyang Steel	**21.14**	1,425	–145	–9.24
Korea Life	**19.53**	8,970	280	3.22
Uni Chem	**15.45**	280	–30	–9.68
Woori Finance	**8.43**	16,800	1,050	6.67

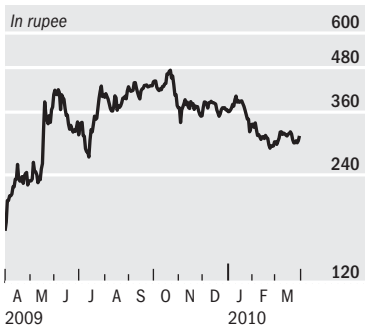
Asian stocks in the news

DLF

India 308.80 rupee

▲ **3.2% or 9.65 rupee**

The real-estate developer's shares got a boost from investors looking for bargains.



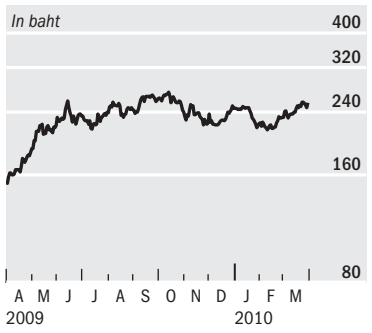
	Price-to-earnings ratio			**40**
	Earnings per share, past four quarters			**7.71**
	Dividend yield			**0.6**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate		**0.9%**	2.4%	64.4%
DLF		**3.2%**	4.6%	84.7%

PTT

Thailand 255.0 baht

▲ **3.2% or 8.0 baht**

Shares in Thailand's largest energy company gained as oil prices firmed.



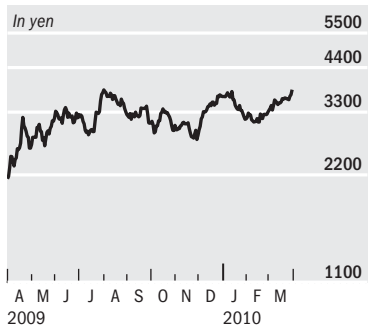
	Price-to-earnings ratio			**12**
	Earnings per share, past four quarters			**20.95**
	Dividend yield			**3.3**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas		**0.8%**	1.6%	52.4%
PTT		**3.2%**	-0.4%	67.2%

JFE Hldgs

Japan ¥3,815

▲ **3.2% or ¥120**

This bellwether and other steel shares helped fuel the market's early rise.



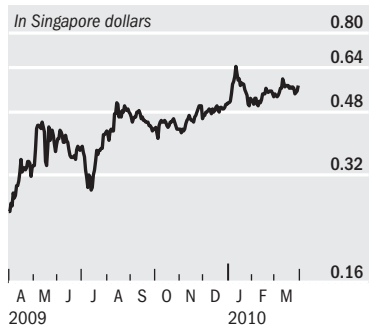
	Price-to-earnings ratio			**84**
	Earnings per share, past four quarters			**45.60**
	Dividend yield			**0.4**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources		**1.6%**	2.7%	89.8%
JFE Hldgs		**3.2%**	6.1%	77.9%

Golden Agri-Resources

Singapore S$0.57

▲ **3.6% or S$0.02**

The company's shares rose after Citigroup rated the stock a buy with a S$0.76 target price.



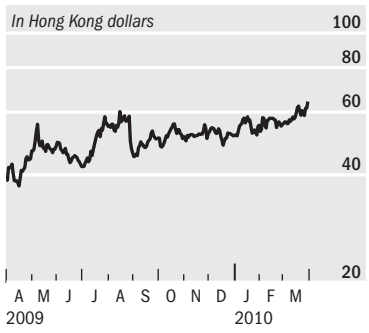
	Price-to-earnings ratio			**8**
	Earnings per share, past four quarters			**0.07**
	Dividend yield			**0.9**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage		**0.1%**	-0.2%	56.8%
Golden Agri-Resources		**3.6%**	0.9%	125.7%

Esprit Hldgs

Hong Kong HK$64.25

▲ **4.4% or HK$2.70**

Shares gained as the euro rose on receding concerns about Greece's debt burden.



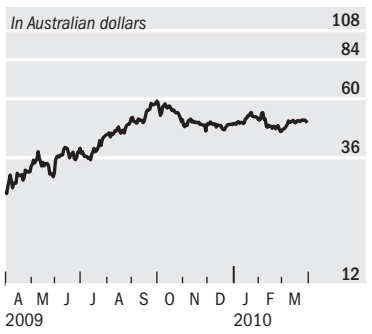
	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**3.98**
	Dividend yield			**2.2**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail		**1.1%**	-0.2%	55.3%
Esprit Hldgs		**4.4%**	6.0%	66.7%

Macquarie Grp

Australia A$48.67

▼ **1.7% or A$0.82**

Financials underperformed after Citigroup fell on news of a U.S. plan to sell Citigroup shares.



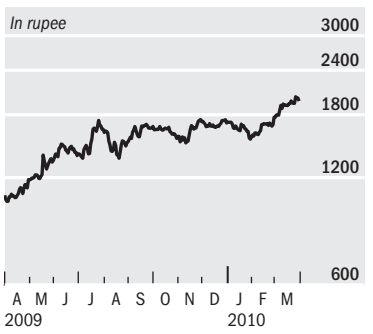
	Price-to-earnings ratio			**20**
	Earnings per share, past four quarters			**2.43**
	Dividend yield			**1.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services		**0.4%**	1.4%	69.9%
Macquarie Grp		**-1.7%**	-2.3%	79.9%

Hero Honda Motors

India 1,966.70 rupee

▼ **1.9% or 38.75 rupee**

The motorcycle maker fell as its special interim dividend disappointed some market watchers.



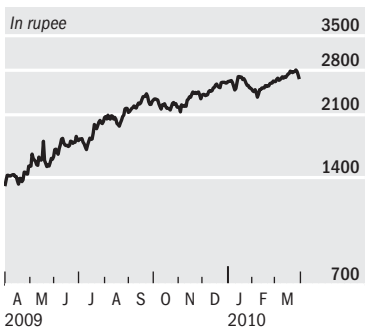
	Price-to-earnings ratio			**19**
	Earnings per share, past four quarters			**101.92**
	Dividend yield			**1.0**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**0.8%**	0.7%	60.9%
Hero Honda Motors		**-1.9%**	1.5%	83.8%

Infosys Techs

India 2,643.90 rupee

▼ **2.6% or 71.75 rupee**

Software-services exporters slipped on concerns the appreciating local currency will hurt revenue.



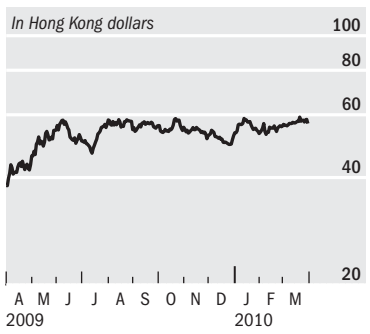
	Price-to-earnings ratio			**24**
	Earnings per share, past four quarters			**109.41**
	Dividend yield			**0.9**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology		**0.3%**	1.6%	70.1%
Infosys Techs		**-2.6%**	-4.7%	99.7%

Hutchison Whampoa

Hong Kong HK$56.70

▼ **2.7% or HK$1.55**

The conglomerate slid after releasing 2009 earnings that fell short of expectations.



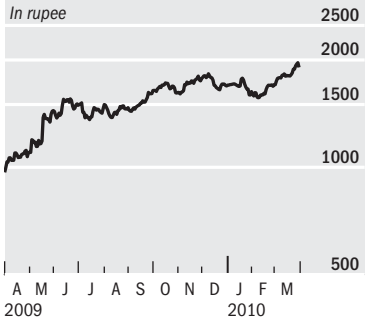
	Price-to-earnings ratio			**19**
	Earnings per share, past four quarters			**2.99**
	Dividend yield			**3.1**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.8%**	1.6%	71.1%
Hutchison Whampoa		**-2.7%**	-2.1%	49.2%

HDFC Bank

India 1,906.40 rupee

▼ **3.0% or 58.55 rupee**

The bank's shares declined as financials weakened after showing strength in the previous session.



	Price-to-earnings ratio			**30**
	Earnings per share, past four quarters			**63.84**
	Dividend yield			**0.5**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks		**1.0%**	1.9%	58.9%
HDFC Bank		**-3.0%**	1.1%	97.0%

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